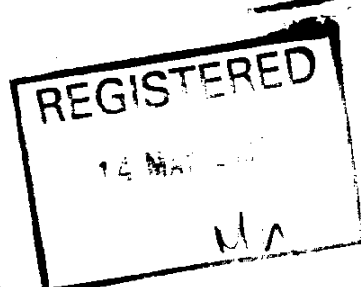


**Ards Holdings Limited and subsidiaries**  
**Annual report**  
**for the year ended 31 December 2001**



# Ards Holdings Limited and subsidiaries

## Annual report for the year ended 31 December 2001

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## Directors and advisers

### Directors

AA Reynolds  
WR Shaw  
JA Patterson  
JA Platt  
JA Rainey  
S Carr (retired 30<sup>th</sup> June, 2001)  
EG O'Neill  
J Wilson

### Secretary

WR Shaw

### 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  
1-9 Victoria Street  
Belfast  
BT1 3GA

### Registered auditors

PricewaterhouseCoopers  
Waterfront Plaza  
8 Laganbank Road  
Belfast  
BT1 3LR

## Directors' report for the year ended 31 December 2001

The directors present their report and the audited financial statements for the year ended 31 December 2001.

### 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 2001 was lower than the previous year, however the increase in margin ensured an acceptable level of profit.

Turnover in 2002 is expected to increase substantially and it is anticipated that the level of profit will be reasonable.

The directors would like to record their appreciation of the effort contributed by all staff throughout 2001.

### Results and dividends

The group's profit before taxation on a historical cost basis is £1,402,880 (2000 - £1,565,896). After taxation and dividends there is an overall increase in retained profit reserves of £562,157. In January 2002 the directors have declared the payment of an interim dividend for the year ended 31 December 2001 of £1 per 25p share (2000 - dividend £1 per 25p share) which was paid to those members registered at the close of business on 31st January, 2002. The directors do not recommend the payment of a final dividend.

### Political and charitable donations

The company made charitable donations amounting to £3,314 (2000: £3,492) 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	
	31.12.01 Number	31.12.00 Number
AA Reynolds	43,200	43,200
WR Shaw	43,200	43,200
JA Patterson	21,600	21,600
JA Platt	30,125	30,125
JA Rainey	23,200	43,200
EG O'Neill	29,575	29,175
J Wilson	26,134	25,934

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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

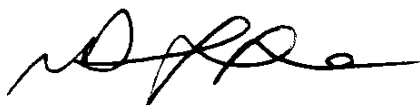
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Auditors

The auditors, PricewaterhouseCoopers, 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



WR Shaw  
Secretary

11 April 2002

## Auditors' report to the members of Ards Holdings Limited and Subsidiaries

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

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable 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 United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 transactions is not disclosed.

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

### Basis of audit opinion

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

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

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 2001 and of the profit, total recognised gains and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Belfast  
Date 11 April 2002

### Consolidated profit and loss account for the year ended 31 December 2001

	Notes	2001 £	2000 £
Turnover	1	54,445,050	68,438,009
Cost of sales		(51,174,143)	(65,302,580)
<b>Gross profit</b>		<b>3,270,907</b>	<b>3,135,429</b>
Administrative expenses		(2,447,720)	(2,225,786)
Interest receivable and similar income		596,834	685,096
Interest payable and similar charges		(17,141)	(28,843)
<b>Profit on ordinary activities before taxation</b>	2	<b>1,402,880</b>	<b>1,565,896</b>
Taxation	5	(411,244)	(453,616)
<b>Profit after taxation</b>		<b>991,636</b>	<b>1,112,280</b>
Dividend	6	(429,479)	(432,000)
<b>Retained profit/(transfer from reserves) for the financial year</b>	19	<b>562,157</b>	<b>680,280</b>
<b>Earnings per share</b>	7	<b>£2.30</b>	<b>£2.57</b>

All amounts above relate to continuing operations of the group.

### Note of historical cost profits and losses for the year ended 31 December 2001

	2001 £	2000 £
Reported profit on ordinary activities before taxation	1,402,880	1,565,896
Realisation of investment property revaluation gains of previous years	-	-
<b>Historical cost profit on ordinary activities before taxation</b>	<b>1,402,880</b>	<b>1,565,896</b>
<b>Historical cost profit for the year retained after taxation and dividends</b>	<b>562,157</b>	<b>680,280</b>

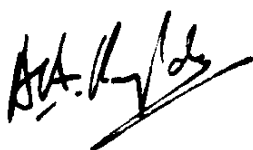
### Statement of total recognised gains and losses for the year ended 31 December 2001

	2001 £	2000 £
Profit for the financial year	991,636	1,112,280
Unrealised surplus on revaluation of property	-	-
	<b>991,636</b>	<b>1,112,280</b>

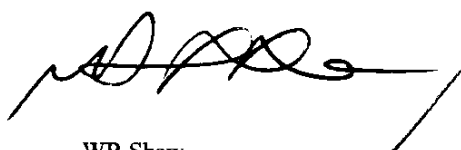
## Consolidated balance sheet as at 31 December 2001

	Notes	2001 £	2000 £
<b>Fixed assets</b>			
Tangible assets	8	2,049,166	2,179,699
Other investments	9	12,237	12,237
		<b>2,061,403</b>	<b>2,191,936</b>
<b>Current assets</b>			
Stocks	10	99,488	110,379
Debtors	11	4,073,067	2,662,044
Investments	12	176,847	-
Cash at bank and in hand		12,207,263	12,581,494
		<b>16,556,665</b>	<b>15,354,417</b>
<b>Creditors: amounts falling due within one year</b>	13	<b>(11,885,750)</b>	<b>(11,299,526)</b>
<b>Net current assets</b>		<b>4,670,915</b>	<b>4,054,891</b>
<b>Total assets less current liabilities</b>		<b>6,732,318</b>	<b>6,246,327</b>
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(56,777)</b>	<b>(150,709)</b>
<b>Provisions for liabilities and charges</b>	17	<b>(29,640)</b>	<b>(12,374)</b>
<b>Net assets</b>		<b>6,645,901</b>	<b>6,083,744</b>
<b>Capital and reserves</b>			
Called up share capital	18	108,000	108,000
Profit and loss account	19	4,896,469	4,334,312
Other reserves	20	1,641,432	1,641,432
<b>Equity shareholders' funds</b>	21	<b>6,645,901</b>	<b>6,083,744</b>

The financial statements on pages 5 to 18 were approved by the board on 11 April 2002 and were signed on its behalf by:



AA Reynolds  
Director



WR Shaw  
Director



# Ards Holdings Limited and subsidiaries

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## Balance sheet as at 31 December 2001

	Notes	2001 £	2000 £
<b>Fixed assets</b>			
Other investments	9	615,691	615,691
<b>Current assets</b>			
Debtors	11	1,395,619	1,141,020
Cash at bank		-	325,698
		1,395,619	1,466,718
<b>Creditors: amounts falling due within one year</b>	13	(969,902)	(1,016,861)
<b>Net current assets</b>		425,717	449,857
<b>Net assets</b>		1,041,408	1,065,548
<b>Capital and reserves</b>			
Called up share capital	18	108,000	108,000
Profit and loss account	19	602,972	627,112
Other reserves	20	330,436	330,436
<b>Total shareholders' funds</b>		1,041,408	1,065,548

The financial statements on pages 5 to 18 were approved by the board on 11 April 2002 and were signed on its behalf by:



AA Reynolds  
Director



WR Shaw  
Director

**Consolidated cash flow statement  
for the year ended 31 December 2001**

	Notes	2001 £	2000 £
<b>Net cash inflow from operating activities</b>	25	<b>264,436</b>	902,550
<b>Returns on investments and servicing of finance</b>			
Interest received		596,834	685,094
Interest paid		(17,141)	(28,843)
		<b>579,693</b>	656,251
<b>Taxation paid</b>		<b>(510,110)</b>	(306,205)
<b>Capital expenditure</b>			
Purchase of fixed assets		(158,885)	(182,758)
Sale of fixed assets		31,991	20,829
		<b>(126,894)</b>	(161,929)
<b>Equity dividends paid</b>		<b>(429,479)</b>	-
<b>Net cash inflow before financing</b>		<b>(222,354)</b>	1,090,667
<b>Financing</b>			
Leasing and lease purchase:			
Amounts advanced	27	12,017	65,859
Amounts repaid	27	(163,894)	(172,024)
		<b>(151,877)</b>	(106,165)
<b>(Decrease)/increase in cash in the year</b>	27	<b>(374,231)</b>	984,502

## Notes to the financial statements for the year ended 31 December 2001

### 1 Accounting policies

These financial statements are prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with applicable accounting standards. The significant accounting policies adopted are set out below. The directors consider that these accounting policies set out below are suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates.

#### Implementation of FRS 18 'Accounting policies'

The group has adopted FRS 18 in its accounts for the year ended 31 December 2001. Adoption of FRS 18 required a full review of all the group's accounting policies and estimation techniques (the latter being the methods by which accounting policies are implemented). This review was conducted in accordance with FRS 18 which requires that, where a choice of treatment is available, the "most appropriate" accounting policies and estimation techniques shall be used. The four 'fundamental accounting concepts' of SSAP2 (i.e. going concern, accruals, consistency and prudence) are replaced by a framework that requires accounting policies to be selected against the objectives of relevance, reliability, comparability and understandability. Implementation of FRS 18 has not resulted in changes to group accounting policies or estimation techniques.

#### Basis of consolidation

The group accounts incorporate the accounts of the parent company and all its subsidiaries, made up to 31 December 2001.

#### Investment in subsidiaries

Investment in subsidiaries is stated at cost, including expenses of acquisition, or directors' valuation.

#### 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.

## 1 Accounting policies (continued)

### 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.

### 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.

### Deferred taxation

Deferred taxation, computed under the liability method, is accounted for on all timing differences only to the extent that it is considered such differences may reverse in the foreseeable future.

### Pension funding

The company operates a Group Pension Scheme which provides retirement and death benefits based on final pensionable pay for all eligible employees. The assets of the scheme are held separately from those of the company, being invested with a number of leading investment institutions. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

In addition the company operates a supplementary money purchase scheme for directors of the parent company to enable them to take early retirement, if it is considered to be in the companies interests.

The accounting requirements of FRS 17 "Retirement Benefits" will have to be implemented in full for the year end following 30 June 2003. FRS 17 requires a surplus or deficit in a pension scheme (measured with reference to the fair values of the scheme assets and actuarially valued liabilities) to be shown on the employer's balance sheet. Changes in those fair values from year to year will be reflected in the profit and loss account or statement of total recognised gains and losses as appropriate. Disclosures required under the transitional arrangements of FRS 17 are provided in Note 24 to these financial statements.

## 2 Profit on ordinary activities before taxation

	2001 £	2000 £
The group profit on ordinary activities before taxation is after charging/(crediting):		
Depreciation – owned assets	199,896	241,345
Depreciation – leased assets	33,047	38,493
Auditors' remuneration	17,875	17,375
Interest payable on bank borrowings repayable within five years	818	1,733
Finance lease interest	6,955	8,810
Lease purchase interest	9,368	18,250
Loss on sale of fixed assets	24,484	14,990
Interest receivable	(596,834)	(685,096)

### 3 Employees

	2001 £	2000 £
Staff costs, including directors, (shown in Note 4) were as follows:		
Wages and salaries	3,150,505	3,212,227
Social security costs	249,835	250,261
Other pension costs	492,801	346,892
	<b>3,893,141</b>	<b>3,809,380</b>
	Number	Number
Average monthly number of persons employed by the company (including directors) during the year	<b>156</b>	174

### 4 Directors' emoluments

	2001 £	2000 £
Aggregate emoluments	<b>530,680</b>	484,482

Retirement benefits are accruing to seven (2000 – eight) directors under defined benefit schemes and to five (2000: five) directors under defined contribution schemes.

### 5 Taxation

	2001 £	2000 £
UK corporation tax:		
Current	<b>396,340</b>	454,208
Deferred	<b>17,266</b>	2,090
Adjustment to previous years' liabilities	<b>(2,362)</b>	(2,682)
	<b>411,244</b>	453,616

### 6 Dividend

	2001 £	2000 £
Interim dividend proposed/paid £ 1 per Ordinary share (2000 – £1)	<b>429,479</b>	432,000

Shareholders entitled to receive dividends of £2,521 waived their rights to their dividend.

### 7 Earnings per share

The earnings per share has been calculated on the profit on ordinary activities after taxation and divided by 432,000 ordinary shares.

8 Tangible fixed assets

Group	Long leasehold land and buildings £	Plant, machinery and office equipment £	Motor vehicles £	Total £
<b>Cost/valuation</b>				
At 31 December 2000	1,450,000	1,096,136	860,548	3,406,684
Additions	-	47,578	111,307	158,885
Disposals	-	(32,502)	(181,420)	(213,922)
<b>At 31 December 2001</b>	<b>1,450,000</b>	<b>1,111,212</b>	<b>790,435</b>	<b>3,351,647</b>
<b>Depreciation</b>				
At 31 December 2000	6,000	708,058	512,927	1,226,985
Charge for year	6,000	94,767	132,176	232,943
Disposals	-	(18,496)	(138,951)	(157,447)
<b>At 31 December 2001</b>	<b>12,000</b>	<b>784,329</b>	<b>506,152</b>	<b>1,302,481</b>
<b>Net book value</b>				
<b>At 31 December 2001</b>	<b>1,438,000</b>	<b>326,883</b>	<b>284,283</b>	<b>2,049,166</b>
At 31 December 2000	1,444,000	388,078	347,621	2,179,699
	£	£	£	£
<b>Cost or valuation at 31 December 2001 is represented by</b>				
Cost	-	326,883	284,283	611,166
Valuation in 2001	1,438,000	-	-	1,438,000
	<b>1,438,000</b>	<b>326,883</b>	<b>284,283</b>	<b>2,049,166</b>

	2001 £	2000 £
Tangible fixed assets include the following assets held under finance leases and lease purchase:		
Plant, machinery and office equipment	298,067	347,116
Accumulated depreciation	(205,289)	(178,148)
	<b>92,778</b>	<b>168,968</b>
	2001	2000
	£	£
Tangible fixed assets include the following assets held under finance leases and lease purchase:		
Motor vehicles	361,265	367,973
Accumulated depreciation	(251,836)	(189,488)
	<b>109,429</b>	<b>178,485</b>

**8 Tangible fixed assets (continued)**

Land and buildings were revalued at 31 December 1999 on an open market value basis by Lambert Smith Hampton, Chartered Surveyors and Estate Agents.

	2001 £	2000 £
Long leasehold land and buildings would have been included on an historical cost basis at:		
Cost	201,238	201,238
Cumulative depreciation	(127,680)	(121,680)
	<b>73,558</b>	<b>79,558</b>

**9 Investments**

	Group and Company 2001 £	Group and Company 2000 £
Other investments:		
Listed equity investments at cost (market value £12,859) Note (i)	12,237	12,237
	<b>Company 2001 £</b>	<b>Company 2000 £</b>
Investments in subsidiary companies Note (ii):		
Shares at cost	347,255	347,255
Revaluation	268,436	268,436
	<b>615,691</b>	<b>615,691</b>

(i) These investments represent less than 10% of allotted share capital of the investee companies.

(ii) 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.

**10 Stocks**

	Group 2001 £	Group 2000 £
Materials and sundry stores	14,293	12,278
Small plant and loose tools	85,195	98,601
	<b>99,488</b>	<b>110,879</b>

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

**11 Debtors**

	Group 2001 £	Group 2000 £	Company 2001 £	Company 2000 £
Amounts recoverable on contracts	1,066,067	1,411,497	-	-
Trade debtors	2,216,169	667,894	-	-
Amounts owing by group undertakings	-	-	1,133,148	1,068,984
Other debtors	466,404	285,848	262,471	72,036
Prepayments and accrued income	324,427	296,805	-	-
	4,073,067	2,662,044	1,395,619	1,141,020

**12 Investments**

	Group 2001 £	Group 2000 £	Company 2001 £	Company 2000 £
Property held for resale	176,847	-	-	-

**13 Creditors: amounts falling due within one year**

	Group 2001 £	Group 2000 £	Company 2001 £	Company 2000 £
Payments on account in excess of turnover and contract balances	8,191,835	7,379,294	-	-
Bank loans and overdrafts	-	-	8,356	-
Trade creditors	2,127,155	2,307,350	-	-
Amounts owing to group undertakings	-	-	474,958	544,913
Taxation and social security	469,168	255,736	7,165	-
Other creditors	335,856	424,134	-	-
Accruals and deferred income	31,368	28,566	12,600	9,650
Corporation tax	213,875	330,008	34,823	30,298
Proposed dividend	432,000	432,000	432,000	432,000
Current obligations under finance lease and lease purchase contracts (Note 15)	84,493	142,438	-	-
	11,885,750	11,299,526	969,902	1,016,861

**14 Creditors: amounts falling due after one year**

	Group 2001 £	Group 2000 £	Company 2001 £	Company 2000 £
Obligations under finance lease and lease purchase contracts (Note 15)	56,777	150,709	-	-



**15 Obligations under finance lease and lease purchase agreements**

	<b>Group 2001 £</b>	<b>Group 2000 £</b>
Obligations under finance lease and lease purchase contracts falling due:		
Within one year	<b>89,453</b>	157,116
In the second to fifth year inclusive	<b>58,922</b>	160,449
	<b>148,375</b>	317,565
Less finance charges	<b>(7,105)</b>	(24,418)
	<b>141,270</b>	293,147
		£
Falling due within one year (Note 13)	<b>84,493</b>	142,438
Falling due after one year (Note 14)	<b>56,777</b>	150,709
	<b>141,270</b>	293,147

**16 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.

**17 Provisions for liabilities and charges**

	<b>Group 2001 £</b>	<b>Group 2000 £</b>	<b>Company 2001 £</b>	<b>Company 2000 £</b>
<b>Deferred taxation</b>				
Accelerated capital allowances	(12,062)	(11,132)	-	-
Other timing differences	41,702	23,506	-	-
	<b>29,640</b>	<b>12,374</b>	-	-

£264,182 (2000: £264, 182) 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 8).

**18 Called up share capital**

	<b>Group and Company 2001 £</b>	<b>Group and Company 2000 £</b>
<b>Authorised</b>		
600,000 ordinary shares of £0.25 each	<b>150,000</b>	150,000
<b>Allotted and fully paid</b>		
432,000 ordinary shares of £0.25 each	<b>108,000</b>	108,000

## 19 Profit and loss account

	Group 2001 £	Group 2000 £	Company 2001 £	Company 2000 £
At 31 December 2000	4,334,312	3,654,032	627,112	610,000
Retained for the year	562,157	680,280	(24,140)	17,112
At 31 December 2001	4,896,469	4,334,312	602,972	627,112

Ards Holdings Limited has not presented its own profit and loss account as permitted by Article 238 of the Companies (Northern Ireland) Order 1986.

## 20 Other reserves

	Group 2001 £	Group 2000 £	Company 2001 £	Company 2000 £
Revaluation reserve	1,438,962	1,438,962	-	-
Capital redemption reserve	42,000	42,000	42,000	42,000
Other reserves	160,470	160,470	288,436	288,436
	1,641,432	1,641,432	330,436	330,436

## 21 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Profit for the financial year	991,636	1,112,280
Dividends	(429,479)	(432,000)
	562,157	680,280
Opening shareholders' funds	6,083,744	5,403,464
Closing shareholders' funds	6,645,901	6,083,744

## 22 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.

## 23 Capital commitments

There were no capital commitments at the year end (2000 - £Nil).

## 24 Pension commitments

The company operates a funded scheme of the defined benefit type with assets held in separate trustee administered funds.

The most recent full actuarial valuation of the Ards Holdings Limited Pension and Assurance Scheme was as at 31 May 1998. The valuation used the projected unit method and was carried out by Brian Spence (William M Mercer), a professionally qualified actuary. The principal assumptions made by the actuary were that investment returns would be 7.5% per annum, pensionable salaries would increase at 5.0% per annum or at the rate provided in the Scheme Rules and that the underlying rate of inflation would be 3.0%.

At the date of the actuarial assessment, the market value of the scheme's assets totalled £5,335,000 and the value of those assets represented 113% of the benefits accrued to members after allowing for expected future increases in earnings.

The pension charge for the year was £482,801 (2000 - £346,892).

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 1998 to 31 December 2001:

Rate of increase in salaries	4.0%
Rate of increase in pensions in payment	2.5%
Discount rate	6.0%
Inflation assumption	2.5%

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

	Long-term rate of return expected at 31.12.01	Value at 31.12.01 £'000
Equities	7%	4,254
Bonds	5%	820
Property	6%	223
Cash	4%	562
		5,859

The following amounts at 31 December 2001 were measured in accordance with the requirements of FRS 17:

	£'000
Total market value of assets	5,859
Present value of scheme liabilities	8,082
Deficit in the scheme	2,223
Related deferred tax asset	(667)
Net pension liability	1,556

If the above amounts had been recognised in the financial statements, the company's net assets and profit and loss reserve at 31 December 2001 would be as follows:

	£'000
Net assets excluding pension liability	6.643
Pension liability	(1.556)
Net assets including pension liability	5.087
Profit and loss reserve excluding pension liability	4.894
Pension reserve	(1.556)
Profit and loss reserve	3.338

The directors have decided to close the Ards Holdings Limited Pension and Assurance Scheme with effect from 31 May 2002.

## 25 Net cash inflow from operating activities

	2001 £	2000 £
Operating profit	823,189	909,643
Depreciation	232,943	279,838
Loss on sale of fixed assets	24,484	14,990
Decrease in stocks	11,391	26,849
(Increase)/decrease in debtors	(1,587,869)	739,442
Increase/(decrease) in creditors	760,298	(1,118,212)
Net cash inflow from operating activities	264,436	902,550

## 26 Reconciliation of net cashflow to movement in net funds

	2001 £	2000 £
Increase in cash in the period	(374,231)	984,502
Lease financing	163,894	172,024
Change in net funds from cash flows	(210,337)	1,156,526
<b>Non cash changes</b>		
New finance leases	(12,017)	(65,359)
Movement in net funds in the year	(222,354)	1,090,667
Net funds at 1 January	12,288,348	11,197,680
Net funds at 31 December	12,065,994	12,288,347

## 27 Analysis of net funds

	At 31 December 2000 £	Cash flow £	Other non-cash £	At 31 December 2001 £
Cash at bank and in hand	12,581,495	(374,231)		12,207,264
Finance leases	(293,147)	163,894	(12,017)	(141,270)
Total	12,288,348	(210,337)	(12,017)	12,065,994