Financial statements
Galloway Group Limited

For the Period Ended 6 March 2013

Company No. SC36181

Officers and professional advisers

Company registration number	SC 36181
Registered office	Arrol Road Wester Gourdie Industrial Estate Dundee DD2 4TH
Directors	J G Mathieson B Bisset G Hall R Mann C Robertson
Secretary	F Milne
Bankers	HSBC Bank Plc 4th Floor City Point 29 King Street Leeds LS1 2HL
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor No 1 Whitehall Riverside Leeds LS1 4BN

Contents

Report of the directors

The directors present their report and the financial statements of the Company for the period ended 6 March 2013.

Principal activities and business review

The principal activities of the Company are the supply and erection of sheet metal ducting, sheet metal fabrication, electrical contracting, acoustics and manufacturing of components for the ductwork industry.

Results and dividends

Operating loss for the period was £187,000 (prior year £462,000). The loss for the period amounted to £499,000 (2012: Loss £449,000). An interim dividend of £nil (2012: £nil) was paid in the period. The directors have not recommended a final dividend.

Financial risk management objectives and policies

The Company's principal financial assets are bank balances and trade debtors. The Company's credit risk is primarily attributable to trade debtors and amounts recoverable on contracts. The amounts presented in the balance sheet are net of provisions for doubtful debts. The Company has no significant concentration of credit risk, with exposure spread over a number of customers. The credit risk on liquid funds is limited because counterparties are banks with high credit ratings assigned by international credit rating agencies. The Company does not enter into derivative financial instruments.

Principal risks and uncertainties

The Company's principal risks and uncertainties are contractual and financial.

Contractual - The Company operates within the construction industry environment and cycle, which can affect its ability to secure sufficient profitable contractual orders. Having then secured these orders, the Company must plan to execute the work to the satisfaction of the client, on time and within the estimate figures.

To minimise these risks, the Company has comprehensive and detailed contract control procedures to monitor job performance from estimated handover to job completion.

Financial - The Company's ability to effectively control the daily/monthly working capital cycle within the parameters of the Company's banking facilities.

To minimise these risks, the Company operates a tight liquidity policy, which includes continuously updating monthly cash projections to enable the Company's commitments to the bank, third party suppliers and others to be met.

Report of the directors (continued)

Directors

The directors who served the Company throughout the period were as follows:

J G Mathieson
B Bisset
G Hall
R Mann
C Robertson

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and profit or loss of the company 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 company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:
- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Donations

During the period the Company made £681 (2012: £521) of charitable donations.

Report of the directors (continued)

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the period, the policy of providing employees with information about the Company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Management and employees meet regularly to discuss Occupational Health and Safety matters.

Auditor

Grant Thornton UK LLP are deemed to be re-appointed under section 487 (2) of the Companies Act 2006.

BY ORDER OF THE BOARD

James G Mathieson
Director
13 June 2013

Report of the independent auditor to the members of Galloway Group Limited

We have audited the financial statements of Galloway Group Limited for the period ended 6 March 2013 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the note of historical cost profits and losses 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 6 March 2013 and of its loss for the period 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors for the financial period for which the financial statements are prepared is consistent with the financial statements

Report of the independent auditor to the members of Galloway Group Limited (continued)

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Grant Thornton UK LLP

ANDREW WOOD
SENIOR STATUTORY AUDITOR
FOR AND ON BEHALF OF GRANT THORNTON UK LLP
STATUTORY AUDITOR
CHARTERED ACCOUNTANTS
LEEDS
19/6/ 2013

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards.

Group accounts

The Company has not prepared consolidated financial statements as it is a wholly owned subsidiary of Galloway (Holdings) Limited, a company registered in England and Wales. As the results of the Company are consolidated into the results of Galloway (Holdings) Limited it is exempt under the terms of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The financial statements only present information about the Company and do not contain information relating to the group as a whole.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

Turnover is the revenue arising from the sales of goods and services. It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold buildings	-	2.5% per annum
Leasehold property	-	Period of lease
Plant & machinery	-	10% - 15% per annum
Fixtures, fittings and computer equipment	-	15% - 33% per annum
Motor vehicles	-	10% - 20% per annum

Accounting policies (continued)

The estimated useful life of freehold buildings was reassessed at the time of revaluation and it is the directors' opinion that a 40 year useful life is appropriate.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

Accounting policies (continued)

Pension costs and other post-retirement benefits

For defined benefit pension schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least tri-annually and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Accounting policies (continued)

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Long term contracts

Revenue is recognised on long term contracts when the outcome of the contract can be foreseen with reasonable certainty, and is calculated based on the stage of completion of the contract. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover. Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Profit and loss account

	Note	2013 £000	2012 £000
Turnover	1	**14,796**	13,746
Cost of sales		**(11,118)**	(10,236)
Gross profit		**3,678**	3,510
Other operating charges	2	**(4,363)**	(4,468)
Other operating income	3	**498**	496
Operating loss	4	**(187)**	(462)
Exceptional costs	2	**(323)**	-
Gain on sale of fixed assets		**50**	-
		(460)	(462)
Interest receivable	8	**-**	19
Interest payable and similar charges	9	**(59)**	(31)
Loss on ordinary activities before taxation		**(519)**	(474)
Tax on loss on ordinary activities	10	**20**	25
Loss for the financial period	25	**(499)**	(449)

All of the activities of the Company are classed as continuing.

Balance sheet

	Note	2013 £000	2012 £000
Fixed assets			
Tangible assets	12	**2,506**	3,353
Investments	13	**10**	10
		2,516	3,363
Current assets			
Stocks	14	**399**	503
Debtors	15	**4,953**	4,607
Cash in hand		**38**	4
		5,390	5,114
Creditors: amounts falling due within one year	16	**(3,803)**	(3,855)
Net current assets		**1,587**	1,259
Total assets less current liabilities		**4,103**	4,622
Creditors: amounts falling due after more than one year	17	**(20)**	(41)
Provisions for liabilities			
Pensions	19	-	(387)
Deferred taxation	18	**(11)**	(31)
		4,072	4,163
Capital and reserves			
Called-up equity share capital	23	**60**	60
Revaluation reserve	24	**877**	903
Profit and loss account	25	**3,135**	3,200
Shareholders' funds	26	**4,072**	4,163

These financial statements were approved by the directors and authorised for issue on 13 June 2013 and are signed on their behalf by:

J Mathieson
Director

C Robertson
Director

The accompanying accounting policies and notes form part of these financial statements.

Other primary statements

Statement of total recognised gains and losses

	2013 £000	2012 £000
Loss for the financial period	**(499)**	(449)
Actuarial gain/(loss) in respect of defined benefit pension scheme	**530**	(371)
Deferred tax in respect of defined benefit pension scheme	**(122)**	59
Deficit arising on revaluation of fixed assets	**-**	(128)
Total losses recognised for the period	**(91)**	(889)

Note of historical cost profits and losses

	2013 £000	2012 £000
Loss on ordinary activities before taxation	**(519)**	(474)
Difference between historical cost depreciation charge and the actual charge calculated on the revalued amount	**26**	34
Historical cost loss on ordinary activities before taxation	**(493)**	(440)
Historical cost loss for the period after taxation	**(473)**	(415)

Notes to the financial statements

1 Turnover

No analysis of turnover by each principal area of activity or geographical location is given since the directors are of the opinion that to disclose such information would be prejudicial to the interests of the Company.

2 Other operating charges

	2013 £000	2012 £000
Distribution costs	**397**	408
Administrative expenses	**3,966**	3,966
Write-down of fixed assets	**-**	94
	4,363	4,468
Exceptional		
Redundancy costs	**214**	-
Restructure costs	**109**	-
	323	-

3 Other operating income

	2013 £000	2012 £000
Management charges receivable	**498**	496

4 Operating (loss)/ profit

Operating (loss)/ profit is stated after charging/(crediting):

	2013 £000	2012 £000
Amortisation of government grants re fixed assets	**(1)**	(1)
Research and development expenditure written off	**6**	5
Depreciation of owned fixed assets	**149**	168
Depreciation of fixed assets held under hire purchase agreements	**10**	9
Profit on disposal of fixed assets	**50**	-
Operating lease costs:		
- Plant & Equipment	**136**	134
Net loss on foreign currency translation	**-**	2
Auditor's remuneration - audit of the financial statements	**21**	20
Auditor's remuneration - other fees:		
- Taxation services	**16**	9
- Pension scheme audit	**3**	3

5 Particulars of employees

The average number of staff employed by the Company during the financial period amounted to:

	2013 No	2012 No
Operatives	174	161
Staff	62	64
	236	225

The aggregate payroll costs of the above were:

	2013 £000	2012 £000
Wages and salaries	5,812	5,406
Social security costs	539	511
Other pension costs	144	159
	6,495	6,076

Other pension costs are amounts charged to operating profit and do not include amounts charged to finance costs (see note 9) and amounts recognised in the statement of total recognised gains and losses.

6 Directors

Remuneration in respect of directors was as follows:

	2013 £000	2012 £000
Remuneration receivable	443	452
Value of company pension contributions to money purchase schemes	18	21
	461	473

Remuneration of highest paid director:

	2013 £000	2012 £000
Total remuneration (excluding pension contributions)	100	100
Value of company pension contributions to money purchase schemes	2	5
	102	105

6 Directors (continued)

The number of directors who accrued benefits under company pension schemes was as follows:

	2013 No	2012 No
Money purchase schemes	5	5

7 Income from shares in group undertakings

	2013 £000	2012 £000
Income from group undertakings	-	-

8 Interest receivable

	2013 £000	2012 £000
Interest on late payments	-	1
Net pension scheme finance credit	-	18
	-	19

9 Interest payable and similar charges

	2013 £000	2012 £000
Interest payable on bank borrowing	17	24
Finance charges payable under hire purchase agreements	2	2
Other similar charges payable	6	5
Net pension scheme finance charge	34	-
	59	31

10 Taxation on ordinary activities

(a) Analysis of charge in the period

	2013 £000	2012 £000
Current tax:		
In respect of the period:		
UK Corporation tax based on the results for the period at 20% (2012 - 20%)	-	-
(Over)/under provision in prior year	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	(20)	(25)
Defined benefit scheme movement	-	-
Tax on (loss)/ profit on ordinary activities	(20)	(25)

(b) Factors affecting current tax charge

The tax assessed on the (loss)/ profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 20% (2012 - 20%).

	2013 £000	2012 £000
(Loss)/ profit on ordinary activities before taxation	(518)	(474)
(Loss)/ profit on ordinary activities by rate of tax	(103)	(95)
Expenses not deductible for tax purposes	18	37
Capital allowances for period in excess of depreciation	(5)	10
Group relief not paid for	-	(7)
Adjustments to tax charge in respect of previous periods	-	-
Transfer pricing adjustments	61	73
Pension – FRS17	4	-
Other timing differences	25	(18)
Total current tax (note 10(a))	-	-

11 Dividends

Dividends on shares classed as equity

	2013 £000	2012 £000
Final dividend paid of £Nil per share (2012: £nil).		
Dividends on equity shares	-	-

12 Tangible fixed assets

	Freehold Property £000	Leasehold Property £000	Plant & Machinery £000	Fixtures, fittings and computer equipment £000	Motor Vehicles £000	Total £000
Cost or valuation						
At 1 Mar 2012	3,124	32	3,538	607	67	7,368
Additions	14	-	6	2	-	22
Disposals	(650)	(32)	(627)	(7)	-	(1,316)
At 6 Mar 2013	2,488	-	2,917	602	67	6,074
Depreciation						
At 1 Mar 2012	206	6	3,188	598	17	4,015
Charge for the year	66	-	81	5	7	159
On disposals	(12)	(6)	(581)	(7)	-	(606)
At 6 Mar 2013	260	-	2,688	596	24	3,568
Net book value						
At 6 Mar 2013	**2,228**	**-**	**229**	**6**	**43**	**2,506**
At 29 Feb 2012	2,918	26	350	9	50	3,353

The freehold land and buildings were revalued at 29 February 2008. All such assets were given a full valuation on a market value basis by Graham & Sibbard, Chartered Surveyors (Dundee) on 29 January 2008 and GVA Grimley (Dewsbury) on 5 February 2008. The directors believe that the current carrying value of freehold property equates to their market valuation.

The net book value of freehold land and buildings determined according to the historical cost convention is £1,333,635 (2012: £2,011,004).

Included within the net book value of £2,505,986 is £72,218 (2012:£82,396) relating to assets held under hire purchase agreements.

13 Investments

	Shares in group undertakings £000
Cost	
At 1 March 2012 and 6 March 2013	10
Net book value	
At 1 March 2012 and 6 March 2013	10

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings				
Ductmate (Europe) Limited	Scotland	Ordinary shares	100%	Marketing of ductwork components
Ductmate (UK)Limited	Scotland	Ordinary shares	100%	Dormant
Galloway Group (Northern) Limited	England and Wales	Ordinary shares	100%	Dormant
Galloway Group (Southern) Limited	England and Wales	Ordinary shares	100%	Dormant

14 Stocks

	2013 £000	2012 £000
Work in progress	**50**	82
Finished goods	**349**	421
	399	503

15 Debtors

	2013 £000	2012 £000
Trade debtors	**850**	904
Amounts owed by group undertakings	**1,508**	1,566
Other debtors	**57**	94
Amounts recoverable on contracts	**2,450**	1,931
Prepayments and accrued income	**88**	112
	4,953	4,607

15 Debtors (continued)

The debtors above include the following amounts falling due after more than one year:

	2013	2012
	£000	£000
Amounts recoverable on contracts	190	133

16 Creditors: amounts falling due within one year

	2013	2012
	£000	£000
Overdrafts	222	553
Trade creditors	2,290	2,348
Amounts owed to group undertakings	270	343
Corporation tax	-	-
Other taxation and social security	231	304
Obligations under hire purchase contracts	21	22
Other creditors	456	121
Accruals and deferred income	313	164
	3,803	3,855

The overdraft is secured by a floating charge over all the assets of the Company and other group assets.

17 Creditors: amounts falling due after more than one year

	2013	2012
	£000	£000
Obligations under hire purchase contracts	20	41

18 Deferred taxation

The movement in the deferred taxation provision during the year was:

	2013	2012
	£000	£000
Provision brought forward	31	56
Profit and loss account movement arising during the year	(20)	(25)
Provision carried forward	11	31

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2013	2012
	£000	£000
Excess of taxation allowances over depreciation on fixed assets	37	32
Short term timing differences	(26)	(1)
	11	31

19 Pensions and other post retirement benefits

The Company operated three pension schemes during the year.

Defined contribution schemes

The Company operates a defined contribution pension scheme for eligible employees and shareholding directors. The Company operates a SIPP for the eligible shareholding directors. The pension cost charge for the period represents contributions payable by the Company to the defined contribution fund of £73,646 (2012: £75,975), and contributions to the executive pension plan and SIPP of £2,000 (2012: £5,000). At the end of the year there were outstanding contributions of £7,590 (2012: £7,418) for the defined contribution pension scheme.

Stakeholder Scheme

The Company maintains a stakeholder pension scheme. The scheme is administered by Friends Provident and the Company makes no financial contribution.

Defined Benefit Scheme

The Company operates a defined benefit pension scheme for its eligible employees. The disclosures set out below are based on calculations carried out as at 28 February 2013 by a qualified independent actuary.

The Plan's assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the Plan are required to act in the best interest of the Plan's beneficiaries. The appointment of members of the trustee board is determined by the trust documentation.

The liabilities of the defined benefit Plan are measured by discounting the best estimate of future cash flows to be paid out of the Plan using the Attained Age method. This amount is reflected in the balance sheet.

The liabilities set out in this note have been calculated based on the most recent full actuarial valuation at 29 February 2012, updated to 28 February 2013. The results of the calculations and the assumptions adopted are shown below.

Contributions payable to the Plan by the Company for 2013/14 are at the rates set out in the schedule of contributions dated 29 February 2012. Following the closure to accrual from 1 April 2013, the Company contributions expected to be made in the year commencing 1 March 2013 are approximately £4,000.

19 Pensions and other post retirement benefits (continued)

The amounts recognised in the profit and loss account are as follows:

	2013 £000	2012 £000
Amounts charged to operating profit:		
Current service cost	53	66
Past service adjustment	-	-
Total operating charge	53	66
Amounts included in other finance cost:		
Expected return on scheme assets	(477)	(579)
Interest on scheme liabilities	511	561
Other finance cost / (credit)	34	(18)
Total charge to the profit and loss account	87	48
Actual return on scheme assets	927	733

Other finance (credit)/cost is included in the profit and loss account within interest receivable/ interest payable and similar charges.

Actuarial gains of £ 530,000 (2012: Losses £371,000) have been recognised in the statement of total recognised gains and losses. At 28 February 2013 the cumulative amount of actuarial gains recognised in the statement of total recognised gains and losses is £5,000 (2012: £525,000 loss).

Within the profit and loss account current service costs are included within administration expense and the net of interest costs and the expected return on pension scheme assets are recognised as interest receivable/ interest payable and other similar charges.

The amounts recognised in the balance sheet are as follows:

	2013 £000	2012 £000
Present value of funded obligations	(10,862)	(11,165)
Fair value of scheme assets	11,382	10,656
Net pension asset/(liability)	520	(509)
Adjustment resulting from the limit on the amount that can be recognised as an asset in the Balance Sheet	(520)	-
Less: Deferred Tax on above	-	122
Net liability	-	(387)

The net pension liability is stated before tax.

19 Pensions and other post retirement benefits (continued)

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

	2013	2012
	£000	£000
Opening defined benefit obligation	**11,165**	10,275
Current service cost	**53**	66
Interest on scheme liabilities	**511**	561
Actuarial loss	**(600)**	525
Contributions by scheme participants	**22**	22
Benefits paid	**(289)**	(284)
Closing defined benefit obligation	**10,862**	11,165

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

	2013	2012
	£000	£000
Opening fair value of scheme assets	**10,656**	10,050
Expected return on scheme assets	**477**	579
Contributions by employer	**66**	135
Contributions by scheme participants	**22**	22
Actuarial gain	**450**	154
Benefits paid	**(289)**	(284)
Closing fair value of scheme assets	**11,382**	10,656

The major categories of Scheme assets as a percentage of total Scheme assets are:

	2013	2012
	%	%
UK Equities	**38.4**	39.3
Gilts	**14.8**	0.0
Corporate Bonds	**42.5**	58.1
Property	**0.5**	0.4
Cash/ Other	**3.8**	2.2
Total	**100.0**	100.0

On the basis of the assumptions used for life expectancy, a retiring male pensioner, currently aged 65 would expect to live for a further 20.4 years (2012: 20.5 years). A male retiring in 20 years from the reporting date at age 65, would expect to live for a further 21.7 years (2012: 21.4 years). On the basis of the assumptions used for life expectancy, a retiring female pensioner, currently aged 65 would expect to live for a further 22.5 years (2012: 23.4 years). A female retiring in 20 years from the reporting date at age 65, would expect to live for a further 24.1 years (2012: 24.2 years).

The principal actuarial assumptions as at the balance sheet date were:

	2013	2012
	%	%
Discount rate	**4.70**	4.60
Expected return on scheme assets	**4.04**	4.51
Rate of increase in salaries	**3.45**	3.00
Rate of increase in pensions in payment - fixed	**3.00**	3.00
Rate of increase in pensions in payment – LPI (RPI max 5%)	**3.45**	3.00
Inflation - RPI	**3.45**	3.00
Inflation - CPI	**2.45**	2.00

19 Pensions and other post retirement benefits (continued)

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

	2013	2012	2010	2009	2008
	£000	£000	£000	£000	£000
Defined benefit obligation	(10,862)	(11,165)	(10,275)	(9,759)	(8,343)
Fair value of scheme assets	11,382	10,656	10,050	9,266	7,769
Surplus/(Deficit) in the scheme	520	(509)	(225)	(493)	(574)
Experience adjustments on scheme liabilities (£)	39	21	30	28	141
Experience adjustments on scheme assets (£)	450	154	375	1,147	(1,811)

20 Commitments under operating leases

At 6 March 2013 the Company had annual commitments under non-cancellable operating leases as set out below.

	2013		2012	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£000	£000	£000	£000
Operating leases which expire:				
Within 1 year	9	13	1	17
Within 2 to 5 years	-	53	-	46
Within more than 5 years	-	-	-	3
	9	66	1	66

21 Contingencies

The Company has entered into an unlimited multilateral guarantee with certain other group companies, together with a floating charge over all the assets of the Company in connection with the Group's indebtedness with HSBC Bank PLC.

The net indebtedness of the Group at 28 February 2013 was £1,713,705 (2012: £2,692,537).

22 Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

23 Share capital

Authorised share capital:

	2013	2012
	£000	£000
90,000 Ordinary shares of £1 each	90	90

Allotted and called up:

	2013		2012	
	No	£000	No	£000
Ordinary shares of £1 each	60,000	60	60,000	60

24 Revaluation reserve

	2013	2012
	£000	£000
Balance brought forward	903	1,065
Transfer to the profit and loss account on realisation	(26)	(34)
Deficit on revaluation	-	(128)
Balance carried forward	(877)	903

25 Profit and loss account

	2013	2012
	£000	£000
Balance brought forward	3,200	3,927
(Loss)/profit for the financial period	(499)	(449)
Equity dividends	-	-
Actuarial gain/(loss) in respect of defined benefit pension scheme	408	(312)
Transfer from revaluation reserve	26	34
Balance carried forward	3,135	3,200

26 Reconciliation of movements in shareholders' funds

	2013	2012
	£000	£000
Loss for the financial period	(499)	(449)
Equity dividends	-	-
Actuarial gain/(loss) in respect of defined benefit pension scheme	408	(312)
Deficit on revaluation	-	(128)
Net reduction shareholders' funds	(91)	(889)
Opening shareholders' funds	4,163	5,052
Closing shareholders' funds	4,072	4,163

27 Ultimate parent company

The Company is a wholly owned subsidiary undertaking of Galloway (Holdings) Limited, which is the ultimate holding company.

The largest and smallest group in which the results of the Company are consolidated is that headed by Galloway (Holdings) Limited. The group financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.