

BRUF CONTRACT HOLDINGS LIMITED

ABBREVIATED ACCOUNTS FOR THE YEAR ENDED

31st MARCH 2006

Registered No 832915



BRUF CONTRACT HOLDINGS LIMITED

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BRUF CONTRACT HOLDINGS LIMITED

Company Information

Directors

M R J Roche
S M Goodwin

Secretary

P Chandaman

Registered Office

Gibbs Marsh Trading Estate
Stalbridge
Dorset
DT10 2RX

Registered Number

832915

Auditors

Hugh Davies & Co Limited
35 Chequers Court
Brown Street
Salisbury
Wiltshire
SP1 2AS

BRUF CONTRACT HOLDINGS LIMITED

Report of the directors

for the year ended 31st March 2006

The directors present their annual report and audited accounts for the year ended 31st March 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year continued to be to that of acting as a holding company and general financial administrator to its subsidiary undertakings.

The main activities of its subsidiary undertakings comprise:

- (a) the manufacture, supply and application of road marking materials and surfacing products;
- (b) residential property development and refurbishment.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The results for the year are set out on page 5 which the Directors' believe are satisfactory.

The Company has significantly reduced its investments in contracting businesses in recent years and continues to focus its efforts on both developing its manufacturing business and development of its freehold land.

FIXED ASSETS

Details of changes in fixed assets are set out in note 11 to the financial statements.

All of the Group's Freehold Land and Buildings have been professionally revalued within the past four years in connection with the securing of working capital facilities. The Directors reflected these recent valuations in the Company's Balance Sheet as at 31st March 2002 and are satisfied that the assets are shown at a realistic value.

DIVIDENDS

Following a change of accounting policy last year to comply with the requirements of FRS21, Proposed Dividends are accrued in the profit and loss account in the year they were formally declared rather than reflected as liabilities at the previous balance sheet date. On 26th October 2005 the Company paid a final dividend in respect of the year ended 31st March 2005 of 82.6 pence per share (2005 - 41.3p) which is reflected in the profit and loss account for the year ended 31st March 2006 accordingly. After the year end an Interim Dividend was paid in respect of the year ended 31st March 2006 of 41.3 pence per share (2005 - Nil) and the Directors recommend payment of a final dividend of 41.3p per share (2005 - 82.6p), giving a total dividend for the year ended 31st March 2006 of 82.6p (2005 - 82.6p). It is proposed that this final dividend, subject to approval by the Company's shareholders at the forthcoming annual general meeting, is payable on 26th October 2006 to shareholders on the register on 25th October 2006.

As both the interim and final dividends in respect of the year ended 31st March 2006 had not been formally declared at 31st March 2006, they will be accrued in the financial statements for the year ended 31st March 2007 accordingly.

AUDITORS

A resolution to re-appoint Hugh Davies & Co Limited as auditors to the Company will be proposed at the forthcoming Annual General Meeting.

BRUF CONTRACT HOLDINGS LIMITED

Report of the directors (continued)
for the year ended 31st March 2006

DIRECTORS AND THEIR INTERESTS IN SHARES OF GROUP COMPANIES

The directors of the Company during the year and their beneficial interests in the share capital of the Company at 31st March were as follows:

	No of £1 Ordinary Shares As at 31st March		Percentage of Issued Share Capital	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
M R J Roche	62,500	40,000	62.5%	40.0%
S M Goodwin	15,000	15,000	15.0%	15.0%

In addition to these shares, M R J Roche held the following shares of £1 each in subsidiary undertakings at 31st March 2006 and 2005:

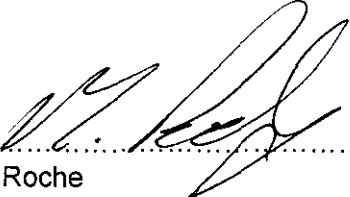
	No of £1 Ordinary <u>Shares</u>	Percentage of Issued <u>Share Capital</u>
Adbruf Ltd	2,000	20.0%
Mann Reddington Ltd	1	-

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 the affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; to state whether applicable accounting standards have been followed subject to any material departures disclosed; and to prepare financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. The Directors confirm that the financial statements comply with these requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

BY ORDER OF THE BOARD


.....
M R J Roche
Director

STALBRIDGE
Date: 26th September 2006

Independent Auditor's Report to Bruf Contract Holdings Limited under Section 247B of the Companies Act 1985

We have examined the abbreviated accounts on pages 5 to 22, together with the financial statements of the Company for the year ended 31st March 2006 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the Company's Shareholders, as a body, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's Shareholders 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 Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

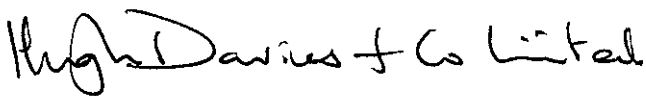
The Directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the Company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provisions and to report our opinion to you.

Basis of audit opinion

We have carried out the procedures we considered necessary to confirm, by reference to the full financial statements, that the Company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered have been properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the Company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985 in respect of the year ended 31st March 2006, and the abbreviated accounts on pages 5 to 22 are properly prepared in accordance with that provision.



Hugh Davies & Co Limited
Chartered Accountants and
Registered Auditors

Date: 26th September 2006
SALISBURY

BRUF CONTRACT HOLDINGS LIMITED

Profit and loss account for the year ended 31st March 2006

	<u>Notes</u>	<u>2006</u> £	<u>2006</u> £	<u>2005</u> £	<u>2005</u> £
Gross Profit			134,988		200,763
Staff costs	3	17,075		33,523	
Depreciation of tangible fixed assets	11	6,521		6,277	
Provisions for liabilities and charges	15	<u>0</u>		<u>0</u>	
			(23,596)		(39,800)
Operating Profit			<u>111,392</u>		<u>160,963</u>
Income from shares in group undertakings			0		0
Net finance income	6		47,661		123,841
Amounts written off investments and group balances	5		(52)		(6,550)
Profit on ordinary activities before taxation			<u>159,001</u>		<u>278,254</u>
Taxation	8		(12,755)		(41,429)
Profit on ordinary activities after taxation			<u><u>146,246</u></u>		<u><u>236,825</u></u>

None of the Company's principal activities were acquired or discontinued during the above two financial years. The Company has recognised gains or losses other than those dealt with in the profit and loss account which are set out in the Statement of Recognised Gains and Losses.

Comparative values for Staff costs and Net finance income have been restated in accordance with the prior year adjustments arising from the full implementation of FRS17 Retirement Benefits (see note 22).

The notes on pages 10 to 22 form part of these accounts.

BRUF CONTRACT HOLDINGS LIMITED

Balance Sheet

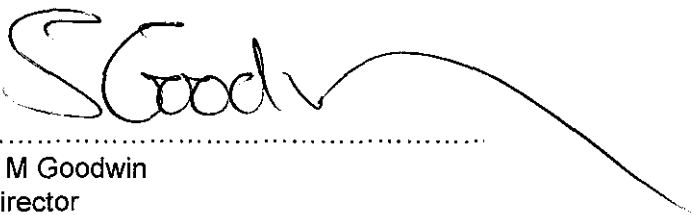
as at 31st March 2006

	<u>Notes</u>	<u>2006</u> £	<u>2006</u> £	<u>2005</u> £	<u>2005</u> £
Fixed assets					
Tangible assets	11		931,191		948,557
Investments	12		<u>700,000</u>		<u>700,000</u>
			1,631,191		1,648,557
Current assets					
Investments (listed)		0		52	
Properties for resale		324,226		91,677	
Debtors	13	4,169		130,518	
Cash at bank and in hand		<u>199,120</u>		<u>214,376</u>	
		527,515		436,623	
Creditors: amounts falling due within one year	14	<u>98,380</u>		<u>81,830</u>	
Net Current Assets			429,135		354,793
Total assets less current liabilities			<u>2,060,326</u>		<u>2,003,350</u>
Provisions for liabilities and charges	15		(827,200)		(672,570)
NET ASSETS			<u>1,233,126</u>		<u>1,330,780</u>
CAPITAL AND RESERVES					
Called up share capital	17		100,000		100,000
Revaluation reserve	18		328,707		453,197
Profit and loss account	19		804,419		777,583
SHAREHOLDER FUNDS			<u>1,233,126</u>		<u>1,330,780</u>

These abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The notes on pages 10 to 22 form part of these accounts

Approved by the board
Date: 26th September 2006



S M Goodwin
Director

BRUF CONTRACT HOLDINGS LIMITED

CASH FLOW STATEMENT

for the year ended 31st March 2006

Reconciliation of operating profit to net cash flow from operating activities

	<u>2006</u>	<u>2005</u>
	£	£
Operating Profit	111,392	160,963
Depreciation charges	6,521	6,277
Pension costs accrued less contributions paid	35,500	(2,370)
Gains on disposal of fixed assets	(82,655)	0
Gains on disposal of properties held for resale	0	(67,979)
Decrease/(Increase) in debtors	25,735	(22,181)
Increase in creditors	4,527	30,702
Other adjustments	0	0
Net cash inflow from operating activities	<u>101,020</u>	<u>105,412</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities	101,020	105,412
Returns on investments and servicing of finances (note 2)	6,461	15,611
Taxation paid (net)	(19,725)	(27,333)
Capital Receipts less Expenditure (note 3)	(139,049)	62,032
Equity Dividends paid	(82,600)	(82,600)
Management of Liquid Resources (note 4)	0	0
Financing (note 5)	124,119	(2,361)
Net (Decrease)/Increase in cash	<u>(9,774)</u>	<u>70,761</u>
Net cash balances at start of year	208,894	138,133
Net cash balances at end of year (note 1)	<u>199,120</u>	<u>208,894</u>

See also notes on page 8

BRUF CONTRACT HOLDINGS LIMITED

Notes to the cash flow statement for the year ended 31st March 2006

1. Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	<u>2006</u>	<u>2005</u>	<u>2004</u>
	£	£	£
Cash at bank and in hand	199,120	214,376	162,513
Bank overdrafts	0	(5,482)	(24,380)
	<u>199,120</u>	<u>208,894</u>	<u>138,133</u>

2. Returns on investments and servicing of finances

	<u>2006</u>	<u>2005</u>
	£	£
Interest received	7,229	15,827
External Dividends received	2	23
Dividends received from subsidiary undertakings	0	0
	<u>7,231</u>	<u>15,850</u>
Interest paid	(770)	(239)
	<u>6,461</u>	<u>15,611</u>

3. Capital Receipts less Expenditure

	<u>2006</u>	<u>2005</u>
	£	£
Payments to acquire tangible fixed assets	(39,155)	(203,049)
Expenditure on properties for resale	(232,549)	(35,152)
	<u>(271,704)</u>	<u>(238,201)</u>
Receipts from sale of fixed assets	132,655	0
Net Receipts from sale of Properties for resale	0	300,233
	<u>(139,049)</u>	<u>62,032</u>

4. Management of liquid resources

	<u>2006</u>	<u>2005</u>
	£	£
Current asset investments realised	0	0

5. Financing

	<u>2006</u>	<u>2005</u>
	£	£
Net repayment of balances with subsidiary undertakings	124,119	(2,361)

BRUF CONTRACT HOLDINGS LIMITED**Statement of total recognised gains and losses****for the year ended 31st March 2006**

	<u>2006</u>	<u>2005</u>
	£	<u>(as restated)</u>
		£
Profit on ordinary activities after taxation	146,246	236,825
Actuarial gain/(loss) on Defined Benefit Pension Scheme (note 22)	(161,300)	(73,400)
Total recognised gains and losses relating to the year	<u>(15,054)</u>	<u>163,425</u>
Prior Year Adjustment on full implementation of FRS 17 Retirement Benefits (as explained in Note 22)	(477,967)	
Total recognised gains and losses since the last annual report	<u>(493,021)</u>	

Reconciliation of movements in shareholders' funds**for the year ended 31st March 2006**

	<u>2006</u>	<u>2005</u>
	£	£
Opening Shareholders' Funds	1,808,747	1,738,747
Prior Year Adjustment re FRS17 (see note 22)	(477,967)	(488,792)
Balance B/fwd (as restated)	<u>1,330,780</u>	<u>1,249,955</u>
Profit on ordinary activities after taxation	146,246	236,825
Dividends payable in the year (note 9)	(82,600)	(82,600)
Actuarial gain/(loss) on Defined Benefit Pension Scheme (note 22)	(161,300)	(73,400)
Net (reduction in)/addition to Shareholders' Funds	<u>(97,654)</u>	<u>80,825</u>
Closing Shareholders' Funds	<u>1,233,126</u>	<u>1,330,780</u>

BRUF CONTRACT HOLDINGS LIMITED

Notes to the accounts for the year ended 31st March 2006

1. Principal accounting policies

A summary of the more important accounting policies is set out below.

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

Consolidation

The accounts contain information about Bruf Contract Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a medium sized group.

Depreciation

Depreciation on freehold properties, where currently used by group companies, is calculated on a 2% straight line basis. Depreciation of other tangible fixed assets is calculated on the reducing balance method and aims to write off the cost of those assets over their estimated useful lives.

The rates applicable are :	%
Plant, equipment & vehicles	25
Furniture and fittings	25

No depreciation is provided on freehold land.

Property, plant and equipment is subject to review for impairment if triggering events or circumstances indicate that this is necessary. Any impairment is charged to the profit and loss account as it arises.

Taxation

Deferred tax is recognised using the liability method on all taxable temporary differences between the tax base and the accounting base that have originated, but not reversed at the balance sheet date. A deferred tax asset is only recognised when it is regarded as more likely than not that there will be sufficient future taxable profits against which it will be recoverable.

Pensions

Group companies contribute to group pension schemes operated by Bruf Contract Holdings Limited. The funds of the schemes are administered by Trustees and are separate from the Group. The main scheme is a fully funded defined benefit scheme for which independent actuaries complete a formal valuation and review of past and future contribution levels at least every three years. In accordance with their recommendations, monthly contributions are paid to the scheme so as to secure the benefits set out in the Scheme Rules. The Company has fully implemented the provisions of FRS17 Retirement benefits in these financial statements which has necessitated prior year adjustments to be made to amounts reported for the comparative year (see note 22).

The Company's new accounting policy for pensions is as follows. The operating and financing costs of the Company's defined benefit scheme are recognised separately in the profit and loss account. Service costs are systematically spread over the service lives of employees, and financing costs are recognised in the periods to which they arise. The costs of individual events such as past service benefit enhancements, settlements and curtailments are recognised immediately in the profit and loss account. Variations from expected costs, arising from the experience of the pension scheme or changes in actuarial assumptions, are recognised immediately in the statement of recognised gains and losses. The net liabilities of the defined benefit scheme are recognised at fair value in the balance sheet.

BRUF CONTRACT HOLDINGS LIMITED

Notes to the accounts for the year ended 31st March 2006 (continued)

1. Principal accounting policies (continued)**Pensions (Continued)**

Pension accounting requires certain assumptions to be made in order to value the Company's obligations and to determine the charges to be made to the profit and loss account. These figures are particularly sensitive to assumptions for discount rates, mortality, inflation rates and expected long-term rates of return on assets. Details of assumptions made are given in note 22.

Provisions

Provisions are recognised when either a legal or constructive obligation, as a result of a past event, exists at the balance sheet date and where the amount of the obligation can be reliably estimated.

2. Turnover

Turnover, which excludes value added tax and trade discounts, represents the charge made by the Company to its subsidiary undertakings in respect of administration services supplied in the year. All Turnover arose in the UK, and from transactions with related parties which the Directors believe approximate the value chargeable on an arms length basis.

3. Employee information

The average number of persons employed by the Company (including directors) during the year was as follows :

	<u>2006</u>	<u>2005</u>
Management	2	2
Administration	4	4
	<u>6</u>	<u>6</u>

The Company's share of the Group's payroll costs for these persons were as follows :

	<u>2006</u>	<u>2005</u>
	£	£
Aggregate gross wages and salaries	164,338	162,884
Employer's national insurance contributions	17,145	17,147
Employer's pension contributions:		
- Defined Benefit Scheme (note 22)	35,500	53,400
- Money Purchase Schemes	0	0
Less recharged to subsidiary undertakings	(199,908)	(199,908)
	<u>17,075</u>	<u>33,523</u>

4. Directors' emoluments**Group Directors**

Aggregate emoluments of the directors of Bruf Contract Holdings Limited in connection with the management of the affairs of the Company or any of its subsidiaries, including related employer's pension contributions to the Company's defined benefit scheme, amounted to:

	<u>2006</u>	<u>2005</u>
	£	£
Aggregate emoluments	<u>171,577</u>	<u>186,093</u>

All Directors of the Company were members of the Company's defined benefit pension scheme.

BRUF CONTRACT HOLDINGS LIMITED

Notes to the accounts for the year ended 31st March 2006 (continued)

5. Amounts written off re investments and group balances

	<u>2006</u>	<u>2005</u>
	£	£
Increase in provisions against amounts due from subsidiary undertakings classified as current assets	0	5,918
Release of provisions for fixed asset investments in subsidiary undertakings (see note 12 below)	0	0
Amounts written off Investments (listed)	52	632
	<u>52</u>	<u>6,550</u>

6. Net finance income

	<u>2006</u>	<u>2005</u>
	£	£
Interest received and similar income	7,231	15,850
Interest costs and similar charges		
Bank interest	(570)	(139)
Other interest	(200)	(100)
	<u>6,461</u>	<u>15,611</u>
Pensions and similar obligations (note 22)	41,200	108,230
	<u>47,661</u>	<u>123,841</u>

7. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging :

	<u>2006</u>	<u>2005</u>
	£	£
Auditors' remuneration	1,300	1,300
Hire of plant and machinery and haulage	8	0
	<u>8</u>	<u>0</u>
<u>Other operating income comprises</u>	£	£
Property Rental Income	68,000	68,000
Gains on disposal of fixed assets	82,655	0
Gains on disposal of properties held for resale	0	67,979
Other	1,106	22,835
	<u>151,761</u>	<u>158,814</u>

8 Taxation

	<u>2006</u>	<u>2005</u>
	£	£
<u>Current Tax</u>		
United Kingdom corporation tax based on results for the year @ 19% (2005 - 30%).	13,800	19,800
Adjustments in respect of previous years	(75)	(167)
Total Current Tax	<u>13,725</u>	<u>19,633</u>
<u>Deferred Tax</u>		
Timing differences recognised in year	(970)	21,796
Tax on profit on ordinary activities	<u>12,755</u>	<u>41,429</u>

BRUF CONTRACT HOLDINGS LIMITED

Notes to the accounts for the year ended 31st March 2006 (continued)

8 Taxation (continued)

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax of 30% (19% for profits within the small companies rate band, which is now the rate currently applicable to the Company's taxable profits). The differences are explained below.

	<u>2006</u>	<u>2005</u>
	£	£
Profit on ordinary activities before taxation	<u>159,001</u>	<u>278,254</u>
Tax thereon at standard rate of Corporation tax of 19% (2005 - 30%)	30,210	83,476
Non tax-effective items:		
Permanent differences	1,621	7,763
Timing differences (primarily the excess of tax depreciation over accounts depreciation and provisions)	(2,349)	(35,284)
Utilisation of Capital losses b/fwd	(15,704)	(27,244)
Marginal Relief	0	(10,936)
Adjustments in respect of previous years	(75)	(167)
Provisions against Investments/Group Balances	0	1,965
Other adjustments	22	59
Current tax charge for period	<u>13,725</u>	<u>19,633</u>

Factors that may affect future tax charges

The company has significant capital tax losses carried forward of approx £2.1 million for offset against future capital gains. These capital losses have not been recognised as a deferred tax asset in these accounts. Similarly no deferred tax asset has been reflected in these accounts in respect of any future reversal of the Company's provision for pension costs of £827,200 over and above the extent to which they exceed other existing timing differences (See Note 16).

9. Dividends

	<u>2006</u>	<u>2005</u>
	£	£
Interim Dividend 2004 (41.3p) paid in April 2004	0	41,300
Final Dividend 2004 (41.3p) paid in October 2004	0	41,300
Interim Dividend 2005 (Nil) paid in April 2005	0	0
Final Dividend 2005 (82.6p) paid in October 2005	82,600	0
	<u>82,600</u>	<u>82,600</u>

After the year end the Directors declared an interim dividend for 2006 of 41.3 pence per share (2005 - 82.6p). The proposed final dividend for the year ended 31st March 2006 has to be approved by shareholders at the Annual General Meeting in October 2006. In accordance with FRS21 neither of these dividends has been recognised in the financial statements for the year ended 31st March 2006. The final dividend shown in respect of 2005 was declared and paid during the year ended 31st March 2006.

10. Net losses on the sale and termination of subsidiary undertakings

	<u>2006</u>	<u>2005</u>
	£	£
Net losses arising on sale of subsidiary undertakings	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

BRUF CONTRACT HOLDINGS LIMITED

Notes to the accounts for the year ended 31st March 2006 (continued)

11. Tangible fixed assets

	<u>Freehold land and buildings</u> £	<u>Plant equipment and vehicles</u> £	<u>Furniture and fittings</u> £	<u>Total</u> £
<u>Cost or Valuation</u>				
At 1st April 2005	963,049	0	19,316	982,365
Additions	39,155	0	0	39,155
Disposals	(50,000)	0	0	(50,000)
At 31st March 2006	<u>952,204</u>	<u>0</u>	<u>19,316</u>	<u>971,520</u>
<u>Depreciation</u>				
At 1st April 2005	16,131	0	17,677	33,808
Charge for the year	6,111	0	410	6,521
On disposals	0	0	0	0
At 31st March 2006	<u>22,242</u>	<u>0</u>	<u>18,087</u>	<u>40,329</u>
Net book value				
At 31st March 2006	<u>929,962</u>	<u>0</u>	<u>1,229</u>	<u>931,191</u>
Net book value				
At 31st March 2005	<u>946,918</u>	<u>0</u>	<u>1,639</u>	<u>948,557</u>

Cliffe-Roberts Bird, Chartered Surveyors, valued freehold land and buildings at Stalbridge in March 2000 and these valuations were on the basis of open market value and were incorporated into the financial statements at 31st March 2002.

If the land and buildings concerned had not been revalued, they would have been included at the following amounts (ignoring depreciation).

	<u>2006</u>	<u>2005</u>
Cost and net book value	<u>£525,504</u>	<u>£550,754</u>

The gross value of non-depreciable assets at 31st March 2006 was £607,500 (2005 - £657,500).

BRUF CONTRACT HOLDINGS LIMITED

Notes to the accounts for the year ended 31st March 2006 (continued)

12. Fixed asset investments

	<u>2006</u>	<u>2005</u>
	£	£
Shares in unquoted subsidiaries, at cost	780,100	780,100
Amounts provided against investments	(80,100)	(80,100)
	<u>700,000</u>	<u>700,000</u>
<i>Movements in the year :</i>		
At 1st April 2005	700,000	700,000
Release of provision against investments (Note 5)	0	0
At 31st March 2006	<u>700,000</u>	<u>700,000</u>

The Company had the following subsidiary undertakings at 31st March 2006 :

<u>Name of subsidiary undertaking:</u>	<u>Principal activity</u>	<u>Percentage holding</u>	<u>£ Aggregate capital & reserves @ 31/03/06</u>	<u>£ Profit/(loss) for year ended 31/03/06</u>
Adbruf Limited	Manufacturer	80.0%	879,217	92,259
Mann-Reddington Limited	House builder	99.9%	(232,255)	Dormant

As part of a group restructuring in 1999, Adbruf Limited declared a dividend of £158.125 per £1 ordinary share for which Mr M.R.J. Roche, the minority shareholder in Adbruf Limited, agreed to the Company's request to formally waive his entitlement to receive the declared dividend in respect of his 2,000 shares, which aggregated to £316,250. In return the Company agreed to formally waive future dividends declared by Adbruf Limited up to an aggregate amount of £158.125 per £1 ordinary share in respect of its 8,000 shares in Adbruf Limited, such that the minority shareholder received the equivalent share of Adbruf's distributed profits as would have been the case had he not agreed to waive his dividend entitlement in 1999. During the year ended 31st March 2006 the Company waived a dividend of £50 per share subsequently declared by Adbruf Limited such that in effect £100,000 out of the £316,250 has been reciprocated by Company waivers. Accordingly the Company remains obliged to waive further dividends declared by Adbruf Limited up to £108.125 per share in aggregate.

The Directors are confident that the market value of the Company's investment in Adbruf Limited, taking into account the Company's future dividend waiver obligations, exceeds its net book value in these financial statements.

13. Debtors

	<u>2006</u>	<u>2005</u>
	£	£
Trade debtors	0	0
Amounts owed by subsidiary undertakings (net)	0	100,614
Corporation tax recoverable	0	0
Prepayments and accrued income	0	869
Directors current accounts	84	1,037
Other debtors	4,085	27,998
	<u>4,169</u>	<u>130,518</u>

Amounts owed by subsidiary undertakings are shown net of provisions of £232,255 (2005 - £232,255).

BRUF CONTRACT HOLDINGS LIMITED

Notes to the accounts for the year ended 31st March 2006 (continued)

14. Creditors : Amounts falling due within one year

	<u>2006</u>	<u>2005</u>
	£	£
Bank overdraft	0	5,482
Trade creditors	6,060	6,859
Other creditors	27,351	21,351
Amounts owed to subsidiary undertakings	23,505	0
Corporation Tax	13,800	19,800
Other tax and social security	17,932	16,376
Accruals and deferred income	9,732	11,962
Directors' current accounts	0	0
	<u>98,380</u>	<u>81,830</u>

The bank overdraft is secured by fixed and floating charges over the assets of the Company. Certain bank overdrafts of subsidiary companies are secured by fixed and floating charges over the assets of the Company (see Note 21).

15. Provisions for liabilities and charges

	<u>Pension</u>	<u>Deferred</u>	<u>Total</u>
	<u>costs</u>	<u>taxation</u>	<u>£</u>
	£	£	£
Balance at 1st April 2005	193,633	970	194,603
Prior Year Adjustment re implementation of FRS17 As Restated	<u>477,967</u>	<u>0</u>	<u>477,967</u>
	671,600	970	672,570
Taxation charged to profit and loss account	-	(970)	(970)
Pension costs for year - Money Purchase Schemes	0	-	0
Final Salary Pension Scheme (Note 22):			
Pension costs for year (net)	35,500	-	35,500
Notional net return on pension scheme	42,800	-	42,800
Contributions paid by Company	0	-	0
Contributions paid by Subsidiary	(84,000)	-	(84,000)
Actuarial gain/(loss)	161,300	-	161,300
Other	0	0	0
At 31st March 2006	<u>827,200</u>	<u>0</u>	<u>827,200</u>

The Company's accounting policy for pension costs is set out in Note 1 and the results of the latest actuarial review are set out in Note 22.

Deferred Tax balances are analysed in Note 16

BRUF CONTRACT HOLDINGS LIMITED

Notes to the accounts for the year ended 31st March 2006 (continued)

16. Deferred taxation asset

	<u>2006</u>	<u>2005</u>
	£	£
Balance b/fwd	(970)	20,826
Deferred tax release/(charge) in profit and loss account for year (Note 8)	970	(21,796)
Balance C/fwd at 31st March	<u>0</u>	<u>(970)</u>

Analysis of Deferred Taxation

	£	£
Provisions - total potential deferred tax asset	248,160	58,090
less element of Provisions - not recognised	(177,311)	0
Provisions - net element recognised	<u>70,849</u>	<u>58,090</u>
Timing Differences on fixed assets	(70,849)	(59,060)
Tax losses recognised	<u>0</u>	<u>0</u>
	<u>0</u>	<u>(970)</u>

Deferred Taxation asset is included in the Balance Sheet under Provisions for liabilities and charges (see Note 15). Land and Buildings have been revalued in the accounts in previous years without recognising deferred tax on the revaluation gain or loss. The Directors estimate that there would be no tax payable if the assets were sold at the valuation shown. The company has losses available to offset any future gains arising for capital gains tax purposes of approximately £2.1 million. The Directors consider it is not appropriate to recognise these capital losses as a deferred tax asset in accordance with FRS19. Similarly, not all of the potential deferred tax asset arising from the Company's provision for the pension scheme deficit (see Note 22) has been recognised in the accounts as there is sufficient uncertainty regarding its recoverability to preclude it being recognised as an asset under FRS19.

17. Share capital

	<u>2006</u>	<u>2005</u>
	£	£
<u>Authorised, allotted and called up</u>		
100,000 fully paid Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

18. Revaluation reserve

At 1st April 2005	£ 453,197
Transfer to Profit and Loss account on sale of revalued assets (no tax impact) - (Note 19)	(124,490)
At 31st March 2006	<u>328,707</u>

The above transfer has the same value both before and after tax due on the resulting gain on the sale of fixed assets as it is covered by losses available for Capital Gains Tax purposes.

BRUF CONTRACT HOLDINGS LIMITED

Notes to the accounts for the year ended 31st March 2006 (continued)

19. <u>Profit and loss account</u>	2006	2005
	£	£
Balance B/fwd as previously reported	1,255,550	1,094,113
Prior Year Adjustment re FRS17 pension costs (note 22)	<u>(477,967)</u>	<u>(488,792)</u>
Balance B/fwd (as restated)	777,583	605,321
Profit after tax for the year	146,246	236,825
Dividends Payable in the year (Note 9)	(82,600)	(82,600)
Actuarial gain/(loss) on Defined Benefit Pension Scheme included in Statement of Recognised Gains and Losses	(161,300)	(73,400)
Transfer from Revaluation Reserve on sale of revalued fixed assets (Note 18)	124,490	91,437
At 31st March 2006	<u>804,419</u>	<u>777,583</u>

At 31st March 2006, provisions had been made in the accounts of the Company in respect of intra-group investments and indebtedness totalling £312,355 (2005 - £312,355)

Such provisions have been deducted from the original cost of Investment in Subsidiaries and Amounts due from subsidiary undertakings, both of which are shown net of such provisions in these financial statements.

20. Capital commitments

The Company had capital commitments outstanding at 31st March 2006 amounting to £114,816 (2005 - £Nil)

21. Contingencies

The Company has given a letter of set off and unlimited guarantees to its bankers in support of the overdraft facilities of certain other group companies. The potential liability at 31st March 2006 amounted to £57,134.

In the normal course of business the Company is involved from time to time in a variety of outstanding legal claims, the timing and settlement of which is uncertain. The Company retains various contingent liabilities in respect of former subsidiary undertakings, the potential liability for which cannot be reasonably quantified at this time. The company retains joint and several liability under its membership of a Group VAT registration. Provision is made in the accounts for any liabilities which are expected to arise subject to its accounting policy for provisions set out in Note 1.

22. Pension scheme

Defined Benefit Scheme

The Company operates a non-contributory group pension scheme, The Bruf Contract Holdings Limited Pension and Life Assurance Fund (1972), which is a funded, defined benefit scheme where benefits are based on Final Pensionable Pay and the costs are met by the relevant group company employer. During the year Winterborne Trustee Services Limited was appointed as sole trustee of the scheme.

The assets of the scheme are held separately from those of the Company. Contributions required from the various group company employers are periodically determined by a qualified actuary on the basis of triennial actuarial valuations. The pension charge for the period is set out in note 3 to these accounts

BRUF CONTRACT HOLDINGS LIMITED

Notes to the accounts for the year ended 31st March 2006 (continued)

22 Pension schemes (continued)

Full implementation of FRS 17 Retirement Benefits

For the year ended 31st March 2006 the Company has changed its accounting policy regarding pension costs and fully implemented the requirements of FRS17 Retirement Benefits. The effects of this change in accounting policy on the comparative amounts are set out below and prior year adjustments have been made to the primary financial statements and notes thereto accordingly:

	<u>2005</u>
<u>Profit and loss account</u>	
Increase in Staff costs	24,005
Increase in Net finance income	108,230
<u>Balance Sheet</u>	
Increase in Provision for liabilities and charges	477,967
Reduction in Profit and Loss C/fwd	(477,967)
Reduction in Shareholders' Funds	(477,967)

The date of the last triennial actuarial review by the Scheme Actuary was 1st April 2004. Following the closure of the scheme to new entrants in 2000 and the imminent replacement of the Minimum Funding Requirement, the funding objectives for this review were established by the Trustee as being to aim to meet the scheme liabilities by contributions of a set monetary amount, increasing each year and payable for a set number of years, with a significant one-off contribution made in March 2005 by the Company's subsidiary, Adbruf Limited.

The principal financial assumptions used by the Scheme Actuary at the last triennial review were as follows:

- the value of that part of the assets that is invested in fixed interest investments will increase at 4.8% p.a.;
- future contributions and that part of the assets that is invested in equities and property will increase at 7.8% p.a.
- general increases in earnings will be at 5% pa
- price inflation will be at 3% pa
- pensions in payment in respect of service from 6 April 1997 will increase at 2.9% pa

The actuarial value of the assets as at 1st April 2004 was £1.05m which represented 70% of the benefits which had accrued to members at that date, allowing for future pay increases. The value of the assets on 1st April 2004 was about 96% of the minimum required by legislation. The legal requirement is to bring the coverage to 100% by the end of a 10 year period.

In March 2005 the Scheme employers agreed a Schedule of Contributions with the Scheme Actuary and the Scheme Trustee whereby Adbruf Limited would make a one-off contribution of £150,000 on 31st March 2005 followed by monthly contributions of £7,000 for one year until 31st March 2006 followed by monthly contributions of £4,500 thereafter.

During the year the Scheme Actuary confirmed to the Trustee, that in his opinion, the resources of the Scheme are likely in the normal course of events to meet in full the liabilities of the Scheme as they fall due on the assumption that the Company and its relevant subsidiaries continue to make regular contributions at the rate prescribed by the Scheme Actuary and incorporated within the Schedule of Contributions agreed between the Company and the Scheme Actuary, as subject to review at future valuations. However the certification of the adequacy of rates of contributions for the purpose of securing the meeting of the minimum funding requirement is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities if the scheme were wound up. Furthermore, the agreed contributions may not be adequate if the experience of the Scheme subsequent to the valuation date, particularly the investment returns, is unfavourable compared to the actuarial assumptions used for the valuation. Contributions will therefore be subject to review at future actuarial valuations.

BRUF CONTRACT HOLDINGS LIMITED

Notes to the accounts for the year ended 31st March 2006 (continued)

22 Pension schemes (continued)

For the purposes of computing the disclosures required by FRS 17 a valuation of the liabilities was carried out at 31 March 2006 by a qualified independent actuary. The major assumptions used by the actuary were:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
- Rate of increase in salaries	6.1% p.a.	6.0% p.a.	6.1% p.a.
- Rate of increase in pensions in payment for service from 6th April 1997	2.9% p.a.	2.9% p.a.	2.9% p.a.
- Discount rate	4.9% p.a.	5.5% p.a.	5.5% p.a.
- Inflation assumption	3.1% p.a.	3.0% p.a.	3.1% p.a.
- Rate of increases to deferred pensions	3.1% p.a.	3.0% p.a.	3.1% p.a.

The assumption for the discount rate is taken from an index of AA-rated corporate bond yields with terms of over 15 years at 31st March 2006. Assumed inflation is the difference between yields on fixed interest and index-linked gilts also on 31st March 2006.

The assets valued below are in the form of insurance policies invested in the Equitable Life Assurance Society's With-Profits fund and Legal & General Global Equity 60:40 Fund. The Trustee also hold money in a Trustee bank account. The value of assets in the with-profits fund has been taken as the full value that would have been available had all members retired on 31st March 2006. The value shown is not necessarily that which would be available were the policy to be surrendered. The value of assets held in the Legal & General fund has been taken as the value of units at bid price on 3rd April 2006, less accrued charges.

The assets of the Scheme at 31st March 2006 and the expected rate of return were:

	<u>2006</u>		<u>2005</u>	
	Long term rate of return expected	Value £	Long term rate of return expected	Value £
With-profits	4.9%	562,300	4.9%	1,076,000
Bank Account	4.8%	7,100	4.8%	183,500
Legal & General	6.9%	<u>878,500</u>		-
Value of assets		<u>1,447,900</u>		<u>1,259,500</u>
Present value of Scheme liabilities		<u>(2,275,100)</u>		<u>(1,931,100)</u>
Deficit in the Scheme		<u>(827,200)</u>		<u>(671,600)</u>

Analysis of the amount chargeable to operating profit under FRS17.

	<u>2006</u>	<u>2005</u>
	£	£
Current Service cost	35,500	53,400
Past service cost	0	0
Losses (gains) on settlements or curtailments	0	0
Total Operating charge	<u>35,500</u>	<u>53,400</u>

Analysis of the amount credited to Net finance income under FRS17

	<u>2006</u>	<u>2005</u>
	£	£
Expected return on pension scheme assets	63,700	52,800
Interest on pension scheme liabilities	<u>(106,500)</u>	<u>(100,700)</u>
Notional net return on pension scheme	<u>(42,800)</u>	<u>(47,900)</u>
Contributions funded by subsidiary	84,000	156,130
Notional other finance income/(costs)	<u>41,200</u>	<u>108,230</u>
Net impact on the profit and loss account (before tax)	<u>5,700</u>	<u>54,830</u>

BRUF CONTRACT HOLDINGS LIMITED

Notes to the accounts for the year ended 31st March 2006 (continued)

22 Pension schemes (continued)

Analysis of amount recognised in statement of total recognised gains and losses (STRGL) under FRS17

	<u>2006</u>	<u>2005</u>
	£	£
Actual return less expected return on pension scheme assets	46,100	(22,600)
Experience gains and losses arising on the Scheme liabilities	54,100	(43,500)
Changes in assumptions underlying the present value of the scheme liabilities	(261,500)	(7,300)
Actuarial gain/(loss) recognised in STRGL	<u>(161,300)</u>	<u>(73,400)</u>

Movement in Deficit for the year under FRS17

	<u>2006</u>	<u>2005</u>
	£	£
Deficit in Scheme at beginning of year	(671,600)	(708,800)
<u>Movement in year:</u>		
Current Service cost	(35,500)	(53,400)
Contributions from participating employers	84,000	211,900
Past service costs	0	0
Settlements or curtailments	0	0
Net return (charged)/credited to Net Finance Income	(42,800)	(47,900)
Actuarial gain/(loss)	(161,300)	(73,400)
Deficit in Scheme at end of year	<u>(827,200)</u>	<u>(671,600)</u>

History of experience gains and losses under FRS17

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Difference between the expected and actual return on scheme assets			
Amount	£46,100	(£22,600)	(£12,500)
Percentage of scheme assets	3.2%	(1.8)%	(1.2)%
Experience gains and losses on scheme liabilities			
Amount	£54,100	(£43,500)	£30,500
Percentage of the present value of scheme liabilities	3.2%	(2.3)%	1.7 %
Total amount recognised in Statement of recognised gains and losses			
Amount	(£161,300)	(£73,400)	(£49,000)
Percentage of the present value of scheme liabilities	(7.1)%	(3.8)%	(2.7)%

23. Related Party Transactions

The Company provides administration services to its subsidiary undertakings for which aggregate charges of £18,240 (2005 - £113,868) were made and included in Turnover.

Part of the emoluments of the Company's Directors and other employees are recharged to subsidiary undertakings - see Note 3. In addition, recharges of various costs to and from group companies take place in the normal course of business at arms length value.

BRUF CONTRACT HOLDINGS LIMITED

Notes to the accounts for the year ended 31st March 2006 (continued)

23. Related Party Transactions (continued)

Certain of the Company's subsidiary undertakings rent land and buildings from the Company. Rents receivable by the Company for the year ended 31st March 2006 in respect of such premises amounted to £68,000 (2005 - £68,000).

The year end balances with subsidiary undertakings are disclosed in Notes 13 and 14.

The Company has agreed to enter into formal dividend waivers in respect of its shareholding in Adbruf Limited as described in Note 12. M.R.J. Roche, a director of both the Company and Adbruf Limited, is also a shareholder in Adbruf Limited.