

Accounting Policies

A summary of the principal Group accounting policies are set out below which have been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and comply with the accounting standards applicable in the Republic of Ireland and the United Kingdom.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent undertaking and its subsidiary undertakings all of which are made up to 31 December 2004. The results of companies acquired are dealt with in the profit and loss account from the date on which control passes. Rationalisation and integration costs relating to acquisitions are charged to the profit and loss account in the year in which they are incurred.

Goodwill

Purchased goodwill in respect of acquisitions before 1 January 1998 was charged directly to reserves in the year of acquisition. Goodwill arising on acquisitions since 1 January 1998, being the excess of the cost of acquisition over the fair value of the net assets acquired, is included within fixed assets and amortised over its expected useful economic life of 20 years.

Euro and Foreign currencies

The results and cashflows of non-euro subsidiary undertakings are translated into euro using the average exchange rate and related balance sheets have been translated at the rates of exchange ruling at the balance sheet date.

Exchange rate differences arising on translation of results of non-euro subsidiary undertakings and on the restatement of opening net assets are dealt with through retained profit net of differences on related foreign currency borrowings.

Foreign currency transactions during the year have been converted at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in the profit and loss account.

Turnover

Turnover represents the fair value of goods, excluding value added tax, delivered to/collected by third party customers in the year. Goods are deemed to have been delivered to customers, when the customer has access to the significant benefits inherent in the goods and exposure to the risks inherent in those benefits.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation except for certain freehold and leasehold properties which are carried at revalued amounts less accumulated depreciation. The Group is availing of the transitional provisions of FRS 15, Tangible Fixed Assets, in continuing to carry such property assets at their previously revalued amount, which is not being updated for subsequent changes in value, but is adjusted for subsequent additions, disposals, depreciation and impairment as applicable.

Land is not depreciated. Depreciation is calculated to write-off the cost or valuation of other tangible fixed assets over their estimated useful lives in equal annual instalments as follows:

Buildings	50 to 100 years
Plant and machinery	5 to 20 years
Motor vehicles	5 years
Plant hire equipment	4 to 8 years

The carrying value of tangible assets is reviewed for impairment if events or changed circumstances indicate that the carrying value in the financial statements may not be recoverable.

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Financial fixed assets

The investment in subsidiary undertakings in the Company balance sheet and other listed investments are shown at cost less provision for any impairment in value where applicable. Dividends from listed securities are accrued once they are declared.

Stocks

Stocks are valued at the lower of cost and net realisable value. In the case of finished goods and work in progress, cost includes direct materials, direct labour and attributable overheads. Net realisable value is based on estimated selling price less any further costs expected to be incurred.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Liquid resources

Liquid resources represent bank deposits of less than one year.

Pension costs

Pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are evenly matched, so far as is possible, to the service lives of the employees concerned. Any excess or deficiency of the actuarial value of assets over the actuarial value of liabilities of the pension scheme is allocated over the average remaining service lives of the relevant current employees.

Leased assets

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the Group are capitalised. Amounts payable under such leases are shown, net of finance charges, as short or medium term obligations, as appropriate. The interest element of the lease obligations is charged to the profit and loss account annually on the outstanding balance.

Operating lease rentals are charged to the profit and loss account in the year to which they relate.

Financial instruments

Hedging instruments, principally forward exchange contracts and interest rate swaps, are matched with the underlying hedged transaction. Gains and losses on forward foreign exchange contracts, which relate primarily to purchases of stock for re-sale or for use in manufacturing processes, are included in the carrying amount of stock when purchased and are recognised in the profit and loss account when the sales transactions occur.

Interest rate swap agreements are used where appropriate to manage interest rate exposures. Amounts payable or receivable in respect of these derivatives are recognised as adjustments to interest payable over the period of the contracts.