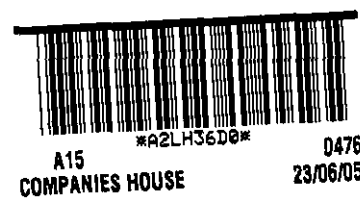


SENIOR HARGREAVES LIMITED

Report and Financial Statements

31 December 2004



SENIOR HARGREAVES LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

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SENIOR HARGREAVES LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr K White
Mr G Menzies
Mr M Rollins

SECRETARY

Mr D Lutkevitch

REGISTERED OFFICE

Lord Street
Bury
Lancashire
BL9 0RG

BANKERS

HSBC PLC
8 Canada Square
London
E14 5HQ

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Birmingham

SENIOR HARGREAVES LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

ACTIVITIES

The principal activity of the company is the manufacture and installation of air conditioning equipment and air handling units.

REVIEW OF DEVELOPMENTS

Turnover from continuing activities decreased from £22,835,000 to £20,440,000. Operating profit for the period was £84,000 (2003: loss of £569,000).

DIVIDENDS AND RESULT FOR THE YEAR

The result for the year is shown on page 6.

The directors do not propose the payment of a final dividend (2003 – £Nil).

FUTURE PROSPECTS

The company has embarked upon a restructuring programme during 2004, which resulted in the downsizing of the business to suit the lower than anticipated demand in construction activity. Following this the company is now focusing upon the more specialist contracts which include Nuclear Decommissioning, Industrial and Bespoke projects which offer better opportunities to use its technical expertise and skills. In parallel the company continues to develop its ductshop business, following the launch of its Merseyside operation towards the end of 2004.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:-

Mr K White
Mr G Menzies
Mr M Rollins

The beneficial interests in the share capital of the ultimate parent company Senior plc for Mr G Menzies and Mr M Rollins, who are also directors of Senior plc, are shown in the accounts of Senior plc.

The directors who held office at the year end, other than those who were also directors of the ultimate holding company, and who held beneficial interests in the 10p ordinary shares of Senior plc at the year end or date of resignation were:-

	1984 Executive Share Option Scheme				2004
	2003	Granted	Lapsed	Exercised	
Mr K White	-	-	-	-	-

SENIOR HARGREAVES LIMITED

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (continued)

	1999 Executive Share Option Scheme				2004
	2003	Granted	Lapsed	Exercised	
Mr K White	156,655	-	-	-	156,655
	Sharesave options				2004
	2003	Granted	Lapsed	Exercised	
Mr K White	21,101	-	6,052	-	15,049

The directors have no other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

SUPPLIER PAYMENT POLICY

The company policy is to settle the terms of payments with its suppliers when agreeing the terms of each transaction and to seek to adhere to those terms. There were 71 trade creditor days outstanding at the year end (2003 – 46 days).

EMPLOYEE CONSULTATION

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees, and on the various factors affecting the performance of the company.


DISABLED EMPLOYEES

Applications for employment by disabled persons are always considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of employees becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Mr D Lutkevitch (Secretary)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year 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
- 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SENIOR HARGREAVES LIMITED

We have audited the financial statements of Senior Hargreaves Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet, the related notes 1 to 18 and the note of historical cost profit and losses. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 Act 1985. We also report 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 with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

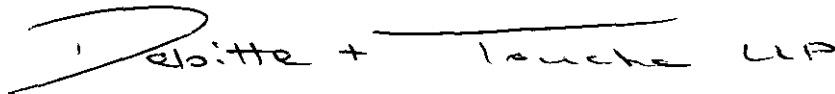
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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 the company's affairs as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham

20 June 2005

SENIOR HARGREAVES LIMITED**PROFIT AND LOSS ACCOUNT**
Year ended 31 December 2004

	Note	2004 £000	2003 £000
TURNOVER	2	20,440	22,835
Cost of sales		(17,249)	(19,554)
Gross profit		3,191	3,281
Other operating expenses	4	(3,107)	(3,850)
OPERATING PROFIT/(LOSS)		84	(569)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		84	(569)
Interest (payable)/receivable and similar income		(209)	184
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(125)	(385)
Tax on loss on ordinary activities	6	-	-
RETAINED LOSS FOR THE FINANCIAL YEAR	13	(125)	(385)

All activities derive from continuing operations.

There are no recognised gains and losses other than the profit for the current financial year and the loss for the preceding financial year. Accordingly, no statement of total recognised gains and losses is given.

SENIOR HARGREAVES LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES Year ended 31 December 2004

	2004 £000	2003 £000
Reported loss on ordinary activities before taxation	(125)	(385)
Realisation of property valuation gains of prior years	-	85
Difference between historical cost depreciation and actual depreciation charge for the year calculated on the revalued amount	<u>13</u>	<u>-</u>
Historical cost loss on ordinary activities before taxation	<u>(112)</u>	<u>(300)</u>
Historical cost loss for the year retained after taxation and dividends	<u>(112)</u>	<u>(300)</u>

SENIOR HARGREAVES LIMITED

BALANCE SHEET 31 December 2004

	Note	2004 £000	2003 £000
FIXED ASSETS			
Tangible assets	7	<u>1,814</u>	<u>1,884</u>
CURRENT ASSETS			
Stocks	8	1,223	1,253
Debtors	9	6,890	6,476
Cash at bank and in hand		<u>3</u>	<u>3,702</u>
		8,116	11,431
CREDITORS: amounts falling due within one year	10	<u>(7,822)</u>	<u>(11,082)</u>
NET CURRENT ASSETS		<u>294</u>	<u>349</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,108</u>	<u>2,233</u>
		<u>2,108</u>	<u>2,233</u>
CAPITAL AND RESERVES			
Called up share capital	11	4,000	4,000
Share premium account	12	3	3
Revaluation reserve	12	547	560
Other reserves	12	90	90
Profit and loss account	12	<u>(2,532)</u>	<u>(2,420)</u>
EQUITY SHAREHOLDERS' FUNDS	13	<u>2,108</u>	<u>2,233</u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

15th June 2005,



K White
Director

NOTES TO THE ACCOUNTS
Year ended 31 December 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of land and buildings.

Tangible fixed assets

Freehold land and buildings are shown at original historical cost or subsequent valuation, net of depreciation and any provision for impairment. Other tangible fixed assets are shown at cost less depreciation and any provision for impairment.

The transitional arrangements of FRS 15 are being adopted in the case of the freehold land and buildings. The company is not continuing the revaluation policy relating to these assets. Further details are given in note 6.

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:-

Freehold buildings	2% per annum
Leasehold buildings	Over the period of the lease
Plant, machinery and motor vehicles	10% - 33.33% per annum

Stocks, other than long term contracts

Stocks, other than long term contracts, are stated at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are based on:

Raw materials	Purchase cost on a weighted average basis, including carriage.
Work in progress and finished goods	Cost of direct materials and labour, plus an appropriate proportion of manufacturing overheads based on normal levels of activity.

Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Provision is made for obsolete, slow moving or defective items where appropriate.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Provision is made for deferred tax in accordance with Financial Reporting Standard No 19 "Deferred Tax" in respect of timing differences on a non-discounted basis.

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

1. ACCOUNTING POLICIES (continued)

Pension costs

For defined benefit pension schemes the company makes contributions at rates set by Senior plc on the advice of actuaries to discharge in full the company's pension obligations arising in the year. It is intended that the rates set reflect regular cost. Accordingly, the amount charged to the profit and loss account is the contribution payable in the year, and any variations from this cost are reflected in the accounts of Senior plc.

For the defined contribution scheme, the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year.

Turnover and long term contracts

Turnover, except that derived from long term contracts, comprises the external sales value of work invoiced during the year, excluding trade discounts and VAT.

Turnover on long term contracts and related long term contract balances are accounted for in compliance with SSAP 9.

Turnover on long term contracts represents the sales value of work completed during the year. The related costs are matched with this turnover resulting in the reporting of attributable profit proportionate to the contract activity. All known or anticipated losses are provided for in full as soon as they are foreseen.

Net costs incurred on excess of amounts transferred to cost of sales are classified as long term contract balances. Revenues recognised in excess of amounts billed are classified as amounts recoverable on contracts and included in debtors. Amounts billed in excess of revenues recognised to date are deducted from related long term contract balances with any residual balance being classified as payments on account and included in trade creditors. Long term contract balances are stated at contract cost incurred less amounts transferred to cost of sales, foreseeable losses, and payment on account.

Leases

Rentals under operating leases are charge on a straight line basis over the lease term. Assets held under operating leases are not reported in the balance sheet.

Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Research and development

Development Costs are capitalised as Debtors if recoverable. Research costs are written off to the profit and loss account as incurred.

Revaluation reserve

Surpluses arising on the revaluation of individual fixed assets are credited to a non distributable revaluation reserve. Where depreciation charges are increased following a revaluation, an amount equal to such increase is transferred annually from this reserve to the profit and loss account below the profit for the financial year. On the disposal of a revalued fixed asset, any remaining revaluation surplus corresponding to the item is also transferred to the profit and loss account.

SENIOR HARGREAVES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

2. TURNOVER

Contributions to turnover by geographical area are as shown below:-

	2004 £000	2003 £000
UK	20,430	22,818
Overseas	10	17
	<u>20,440</u>	<u>22,835</u>

The directors have taken advantage of provisions in the Companies Act 1985, not to disclose further segmental information, as they consider provision of further information would be prejudicial to the interests of the company.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2004 £000	2003 £000
Directors' emoluments		
Emoluments	106	141
	<u>106</u>	<u>141</u>

The above amounts do not include any gains made on the exercise of share options or the value of any shares or share options received under long-term incentive schemes. No director exercised share options during 2004 (2003 – nil).

The number of directors who were members of pension schemes was as follows:

	2004 No	2003 No
Defined benefit schemes	<u>2</u>	<u>2</u>

The above amounts for remuneration include the following in respect of the highest paid director:

	2004 £000	2003 £000
Emoluments and long term incentive schemes	<u>99</u>	<u>73</u>

The accrued pension entitlement under the company's defined benefit scheme of the highest paid director at 31 December 2004 was £43,400 (2003 - £43,130).

SENIOR HARGREAVES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2004

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2004 No	2003 No
Average monthly number of persons employed		
Production	310	286
Distribution	5	7
Selling and marketing	28	41
Administration	11	13
	<u>354</u>	<u>347</u>
 Staff costs during the year (including directors)		
Wages and salaries	8,724	7,582
Social security costs	654	662
Other pension costs	490	539
Redundancy costs	18	17
	<u>9,886</u>	<u>8,800</u>

4. OTHER OPERATING EXPENSES

	2004 £000	2003 £000
Distribution costs	1,758	2,053
Administration costs	1,349	1,156
	<u>3,107</u>	<u>3,209</u>

5. PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2004 £000	2003 £000
Profit / (loss) on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets	212	225
Rentals under operating leases		
Hire of plant and machinery	-	-
Other operating leases	656	155
Auditors' remuneration		
Audit services	19	17
Other services	6	4
Research and development costs	8	16
	<u></u>	<u></u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2004

6. TAX ON LOSS ON ORDINARY ACTIVITIES

(i) *Analysis of tax charge / (credit) on ordinary activities*

	2004 £000	2003 £000
UK corporation tax charge / (credit) at 30% on the profit / (loss) for the year	-	-
	-	-

(ii) *Factors affecting tax charge for the current period*

The tax charge for the current period is lower than that resulting from applying the standard rate of corporation tax of 30 % (2004 – 30%) to the profit before tax.

The differences are explained below:

	2004 £000	2003 £000
Loss on ordinary activities before tax	(125)	(385)
Tax credit at 30% thereon:	(38)	(115)
Non taxable income	(12)	(9)
Disposal of fixed assets	(2)	-
Expenses not deductible for tax purposes	17	14
Depreciation in excess of capital allowances	48	(31)
Use of brought forward tax losses	(13)	-
Unutilised tax losses	-	141
Current tax charge / (credit) for the period	-	-

(iii) *Factors that may affect the future tax charge*

A deferred tax asset has not been recognised in respect of timing differences relating to capital allowances, losses and other short term timing differences as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £196,000 (2003- £222,000) The asset would be recovered if the company makes sufficient profits from its trading activities in the future.

Deferred tax assets not recognised	2004 £'000	2003 £'000
Tax effect of timing differences due to:		
Capital allowances in excess of depreciation	130	61
Short term timing differences	20	20
Losses	46	141
	196	222

NOTES TO THE ACCOUNTS
Year ended 31 December 2004

7. TANGIBLE FIXED ASSETS

(a)	Freehold land and buildings £000	Leasehold land and buildings £000	Short leasehold improve- ments £000	Plant, machinery and motor vehicles £000	Total £000
Cost or valuation					
At 1 January 2004	1,664	110	21	3,644	5,439
Additions	-	-	-	145	145
Disposals	-	-	-	(148)	(148)
At 31 December 2004	1,664	110	21	3,641	5,436
Accumulated depreciation					
At 1 January 2004	304	25	21	3,205	3,555
Charge for the year	35	2	-	175	212
Disposals	-	-	-	(145)	(145)
At 31 December 2004	339	27	21	3,235	3,622
Net book value					
At 31 December 2004	1,325	83	-	406	1,814
At 31 December 2003	1,360	85	-	439	1,884

- (b) The transitional arrangements of FRS 15 are being adopted in the case of freehold land and buildings. The company are not continuing the revaluation policy relating to these assets.
- (c) The freehold land and buildings were last revalued on 31 December 1988 on an existing use, open market basis by Chesterton, Chartered Surveyors and Property Consultants at £843,000 (including £200,000 relating to land).
- (d) Original cost, and aggregate depreciation based on cost, of land and buildings included at valuation comprises:

	2004 £000	2003 £000
Original cost	381	381
Depreciation based on cost	(305)	(292)
	76	89

- (e) The net book value of freehold land which is not depreciated is £200,000 (2003 - £200,000).

SENIOR HARGREAVES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2004

8. STOCKS

	2004 £000	2003 £000
Raw materials	1,116	985
Work-in-progress	107	268
	<u>1,223</u>	<u>1,253</u>

9. DEBTORS

	2004 £000	2003 £000
Amounts falling due within one year:		
Trade debtors	2,229	1,218
Amounts recoverable on contracts	4,235	4,671
Other debtors	-	1
Prepayments and accrued income	286	364
	<u>6,750</u>	<u>6,254</u>
Amounts falling due after more than one year		
Trade debtors	140	222
	<u>6,890</u>	<u>6,476</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £000	2003 £000
Bank Overdraft	3,277	-
Trade creditors	3,245	3,881
Amounts owed to Group undertakings	-	6,362
Other taxation and social security	344	319
Accruals and deferred income	956	520
	<u>7,822</u>	<u>11,082</u>

11. CALLED UP SHARE CAPITAL

	2004 £000	2003 £000
Authorised 5,000,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
Called up, allotted and fully paid 4,000,000 ordinary shares of £1 each	<u>4,000</u>	<u>4,000</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2004

12. RESERVES

	Share premium account £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000	Total £000
At 1 January 2004	3	560	90	(2,420)	(1,767)
Loss for the financial year	-	-	-	(125)	(125)
Transfer of amount equivalent to additional depreciation on revalued assets	-	(13)	-	13	-
At 31 December 2004	<u>3</u>	<u>547</u>	<u>90</u>	<u>(2,532)</u>	<u>(1,892)</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2004

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £000	2003 £000
Loss for the financial year	(125)	(385)
Shares issued	-	1,000
Net (decrease)/increase in shareholders' funds	(125)	615
Opening shareholders' funds	2,233	1,618
Closing shareholders' funds	2,108	2,233

14. FINANCIAL COMMITMENTS

Operating lease commitments

	Land and buildings £000	2004 Plant and machinery £000	Land and buildings £000	2003 Plant and machinery £000
Leases which expire:				
Within one year	74	-	-	-
Within 2 to 5 years	55	7	134	-
After 5 years	515	-	515	-
	644	7	649	-

The company leases certain land and buildings under operating leases. The rents payable under these leases are subject to renegotiation at various intervals specified in the leases. The company pays all insurance, maintenance and repairs of these properties

Guarantees

(a) Private replacement loans

The company is a guarantor, jointly and severally, with certain other group companies of US\$75 million (2003 – US\$75 million) unsecured loan notes, under amended agreements dated 22 October 1998.

The company is a guarantor, jointly and severally, with certain other Group companies, of US \$30 million (2003 – US \$30million) unsecured loan notes under amended and restated agreements dated 31 October 1995 and 31 December 2004.

(b) Bank guarantees

The company is a guarantor, jointly and severally, with certain other UK group companies, of all indebtedness of these other group companies to one of the group's UK clearing bankers.

NOTES TO THE ACCOUNTS
Year ended 31 December 2004

14. FINANCIAL COMMITMENTS (CONTINUED)

(c) Revolving credit facility

At the beginning of 2003, the company was a guarantor, jointly and severally, with certain other group companies of a committed five year £83.1million (originally £100.0million) multi-currency revolving credit facility for the Group maturing in June 2004. During 2003, as the result of the maturity of several termed out loans and the cancellation of £ 11 million of unutilised commitments, the facility became a £ 59 million committed facility. In October 2003 this facility was replaced with a committed £46million multi-currency revolving credit facility dated 23 October 2003 and maturing 31 October 2006, of which the company is a guarantor, jointly and severally, with certain other group companies. At 31 December 2004 the total amounts borrowed under the facility were £14.8million comprising Euro 17.5million and Swedish Kroner 32.5million. At December 2004 there were no amounts drawn under this facility

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

15. PENSION COSTS

The company participates in the Senior plc Group Retirement Benefit Plan. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the group. The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.

Contributions to the plan for the period were £490,000 (2003 - £539,000; 2002 - £547,000) and the agreed contribution rate for the next 12 months is 12.8% (2003 - 10.7%; 2002 - 10.7%). Further details of the group plans and the actuarial valuations are given in the accounts of the ultimate parent company, Senior PLC.

As stated in the Senior plc Group financial statements for the year ending 31 December 2004, the most recent actuarial valuation was updated in order to assess the position of the scheme at 31 December 2004 and showed that the fair value of the scheme's assets was £117.4 million (2003 - £110.7 million; 2002 - £97.1 million) and that the actuarial value of these assets represented 77.8% (2003 - 75.7%; 2002 - 73.8%) of the benefits that had accrued to members.

The assets in the scheme and the expected rates of return at 31 December 2004, 31 December 2003 and 31 December 2002 were:

	2004	2004	2003	2003	2002	2002
	Fair value	Expected	Fair value	Expected	Fair value	Expected
	£m	rate of	£m	rate of	£m	rate of
		return		return		return
Equities	66.6	7.5%	64.9	7.5%	45.4	7.0%
Bonds	20.5	4.9%	13.8	5.5%	19.0	5.0%
Gilts	29.7	4.0%	31.8	4.5%	30.2	4.0%
Cash and other	0.6	3.0%	0.2	3.5%	2.5	3.0%
Total fair value of assets	117.4	6.1%	110.7	6.4%	97.1	5.6%
Present value of scheme liabilities	(150.9)		(146.2)		(131.5)	
Plan deficit	(33.5)		(35.5)		(34.4)	

The figures shown above were calculated on the basis of the following assumptions (per annum %).

	2004	2003	2002
Inflation	2.6%	2.6%	2.25%
Increase in salaries	3.6%	3.6%	3.25%
Increase in pensions	2.6%	2.6%	2.25%
Increase in deferred pensions	2.6%	2.6%	2.25%
Rate used to discount plan liabilities	5.4%	5.5%	5.5%
Average future investment returns	6.1%	6.4%	5.6%

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

16. ULTIMATE PARENT COMPANY

The company's immediate parent and controlling company is Senior Engineering Investments Limited.

The company's ultimate parent and controlling company, which prepares consolidated accounts incorporating the company's results, is Senior plc, whose registered office is at 59/61 High Street, Rickmansworth, Hertfordshire WD3 1RH. The consolidated accounts of the group are available to the public and may be obtained from the aforementioned address.

17. CASHFLOW STATEMENT

As permitted by Financial Reporting Standard No 1 (Revised), the company has not produced a cashflow statement, as it is a wholly owned subsidiary undertaking of Senior plc, which has produced a group cashflow statement in its accounts.

18. RELATED PARTY TRANSACTIONS

Transactions with group entities are not disclosed as the company is a wholly owned subsidiary of a company which produces consolidated accounts that are publicly available.