

Registered Number 377361

**B &
C E**

**BENEFIT
SCHEMES**

**BUILDING AND CIVIL ENGINEERING HOLIDAYS
SCHEME MANAGEMENT LIMITED**

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

**for the year ended
31 March 2003**



Mission Statement

*B & C E aims to be the foremost
provider of benefits and allied
services to those who work and trade
within the Construction Industry.*

*For an efficient organisation
dedicated to serving all those in our
industry this means:-*

focusing on our Customers' needs

*

*seeking continuous improvement
in the value, quality and range of
our services*

*

*providing a fair and caring
service*

*

*managing the available funds
prudently for the benefit of the
industry*

Building and Civil Engineering Holidays Scheme Management Limited

**Annual report and financial statements
for the year ended 31 March 2003**

	Pages
Notice of meeting	1
Directors, administration and advisers	2
Directors' report	3
Independent auditors' report	10
Consolidated profit and loss account	11
Balance sheets	12
Consolidated cash flow statement	13
Notes to the financial statements	15

Building and Civil Engineering Holidays Scheme Management Limited

(A Company Limited by Guarantee and not having a Share Capital)

Notice of meeting

The Directors of Building and Civil Engineering Holidays Scheme Management Limited hereby give notice that the Annual General Meeting of members of the Company will be held at:-

B&CE Benefits Scheme, Manor Royal, Crawley, West Sussex, RH10 9QP
on Friday, 26 September 2003 at 12:15 p.m.

for the purpose of receiving the Directors' Report and audited Financial Statements and transacting the ordinary business of the Company.

Dated 3 September 2003

By order of the Board

R. W. STEER
Secretary

Agenda

1. Apologies for absence.
2. Minutes of the sixtieth Annual General Meeting held on 27 September 2002.
3. Chairman's address.
4. To receive and adopt the Directors' Report and audited Financial Statements for the year ended 31 March 2003, together with the Auditors' Report.
5. Special notice having been received, to reappoint PricewaterhouseCoopers LLP as auditors of the Company (having previously been appointed by the Board to fill the casual vacancy arising by reason of the resignation of PricewaterhouseCoopers), to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and that their remuneration be fixed by the Directors.

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy must also be a member of the Company.

A Form of Proxy is available from the Company Secretary at Manor Royal, Crawley, West Sussex, RH10 9QP.

**Building and Civil Engineering Holidays Scheme Management Limited
(Registered Number 377361)**

Directors, administration and advisers

Independent chairman

Sir John Chilcot, GCB, MA

Directors

D G Stradling, D.Sc.(Hon), MA, CCIPD
J M O'Callaghan, BE, MSc, C.Eng, FICE, FCIWEM, FIHT
G M Fordy, OBE, FCIQB, FIMgt
J C Scott
G C Lean, FCIPD
J A Southworth, BA (Econ), FCA

G C Wilmshurst
G B Brumwell, CBE
R J Blackman, MIOHS
G N Grayson
T Vernon
D A Black, MA

Chief executive

B J Griffiths, FCA

Secretary and registered office

R W Steer, DMS, FCIS, ACIB, CeFa,
Manor Royal,
Crawley,
West Sussex, RH10 9QP

Solicitors

Field Fisher Waterhouse,
35 Vine Street,
London,
EC3N 2AA

Bankers

HSBC Bank plc,
9 The Boulevard,
Crawley,
West Sussex, RH10 1UT

Registered auditors

PricewaterhouseCoopers LLP
Melrose House,
42 Dingwall Road,
Croydon, CR0 2NE

Building and Civil Engineering Holidays Scheme Management Limited

Directors' report for the year ended 31 March 2003

The Directors present their 61st Annual Report and the audited Financial Statements for the year ended 31 March 2003. The activities of the two subsidiaries are material to the Group and therefore Group financial statements have been prepared. A separate set of financial statements has been prepared for the Benefit Schemes.

Principal activity

The principal activity of the Group continues to be the administration of benefit schemes for operatives in the building and civil engineering industry.

Building and Civil Engineering Holidays Scheme Management Limited ("the Company") administers the Building and Civil Engineering Holidays-with-Pay Scheme and the Building and Civil Engineering Benefit Schemes. It is also the appointed Administrator of the Building and Civil Engineering Contracted-Out Pension Scheme ("B&CECOPS"), the B & C E "Foundation" Personal Pension Scheme and the Building and Civil Engineering Charitable Trust.

B & C E Unit Trust Management Company Limited is the Manager of the two unit trust based personal pension schemes, B&CECOPS and "Foundation".

B & C E Insurance Limited offers insurance based products to all who work in the industry.

Review of activities and future developments - Building and Civil Engineering Holidays-with-Pay Scheme

The Holidays-with-Pay Scheme has been in operation since 1943. Until the introduction of the Working Time Regulations in October 1998, the Scheme provided building and civil engineering operatives with holiday pay for 21 days of annual holiday to be taken at Christmas/New Year, Easter and during the Summer.

The Company sold holiday credits to employers and eventually redeemed these either to employers or direct to operatives. An operative's holiday pay depended on the value of the weekly credits purchased during the accrual periods preceding the relevant Holiday Periods.

In response to the introduction of the Working Time Regulations, a new flexible Holiday Pay scheme, "Template", was introduced in August 1999. This enables employers to set aside variable amounts to cover their liability for Holiday Pay under the working time regulations and industry-wide agreement.

On the 9 April 2001 B&CE Insurance Limited launched "EasyBuild", a stakeholder pension scheme for all those who work in the construction industry. This replaced the existing retirement benefit scheme in respect of the lump sum benefit; the death benefit provision will continue. Contributions to "EasyBuild" can be paid by both employers and operatives and the scheme can be used to contract out of the State Second Pension.

The Board agreed to pay a loyalty bonus to employers whose operatives were active members of the EasyBuild stakeholder scheme. This bonus, at the rate of £3.10 per week per operative between 9 April and 30 June 2001, and then £2.10 from 1 July 2001 to 30 June 2002, was then paid into the operatives' EasyBuild policy by the employer. This facility is now closed.

Directors' report (continued)

Holiday pay receipts

The values of the receipts for Holiday Pay, EasyBuild premiums and Accident and Death Cover were:

2002/2003 £	2001/2002 £
279,020,533 =====	249,623,594 =====

Holiday pay redemptions

The values of the payments of Holiday Pay, were:-

	2002/2003 £	2001/2002 £
Reimbursement to employers	237,211,048 =====	201,138,301 =====

Review of activities - Building and Civil Engineering Benefit Schemes

Death benefit scheme

Death in service cover was the first of the benefit arrangements to be introduced. It has now been in operation for 28 years.

The level of death benefit is determined by negotiation between the Employers' Organisation and Trades Unions who are parties to the National Working Rules. This increased from 4 August 2000 to £15,000 with up to a further discretionary £15,000 for deaths arising from an accident at work or whilst travelling to or from work.

The Death Benefit Scheme remained unchanged as a result of the launch of EasyBuild (see above) and continues to receive Death Benefit contributions and pay Death Benefits.

Retirement benefit scheme

In April 1982, following a decision by the Employer and Trades Unions negotiating parties, a lump sum retirement benefit for operatives was introduced. The benefit is based on operatives' weeks of service. Membership of this Scheme formed part of the standard terms and conditions of employment applicable to operatives employed under the National Working Rules and operatives should have become members of the Scheme when they began Working Rule employment. However, as a result of the Social Security Act 1986, membership of the Scheme became optional as far as an operative is concerned; some operatives took out personal pension plans and this meant that they must waive their rights to the lump sum retirement benefit.

In April 1986 the Retirement Benefit Scheme was expanded to enable operatives to make voluntary contributions as a means of increasing their retirement benefits and from May 1995 employers were able to make contributions on behalf of operatives.

As a result of the launch of EasyBuild on the 9 April 2001 (see above) the existing Lump Sum Retirement Benefit Scheme ceased to receive retirement benefit contributions, and accrue further service, and closed to new members from that date. Accrued entitlements to the Lump Sum Retirement Benefit will continue to be paid when due. Voluntary contributions cannot be accepted after that date but existing funds will continue to accrue bonuses when declared until they are claimed for payment.

Directors' report (continued)

Accident benefit scheme

In June 1987 the negotiating parties agreed that a lump sum compensation scheme should be introduced for operatives who suffer a loss of sight or limb as a result of an accident at work or whilst travelling to or from work. The Scheme - the Building and Civil Engineering Accident Benefit Scheme - came into operation in August 1987. From August 1988 it was agreed that the scope of the Scheme should be widened to cover accidents which result in disablement from employment for one year or more.

Schemes' funding

Employers participating in Template received free accident cover and subsidised death benefit cover for their operatives in the year ended 31 March 2003. Employers therefore paid a minimum pension contribution of £1.90 per week into EasyBuild (although some matched operative contributions up to £5 per week) and paid death benefit cover of 30p per week; the Management Company paid the additional cost of the death benefits. The cost of the free accident and subsidised death benefit cover provided by the parent company amounted to £1,871,008 for the year ended 31 March 2003 (2002 - £4,777,846).

Separate financial statements have been prepared giving full information on the operation of these Schemes. These Group financial statements do not include the results and assets of these Schemes.

Review of activities - B & C E Unit Trust Management Company Limited

The following two Schemes are managed by B & C E Unit Trust Management Company Limited, a wholly owned subsidiary of the Company.

Building and Civil Engineering Contracted Out Pension Scheme

This Unit Trust (which is an appropriate personal pension scheme) came into operation during 1988 and at 31 March 2003 there were 13,801 (2002 - 13,749) members. Under the Scheme an operative elects to divert part of his and his employer's National Insurance contributions into his own pension arrangement (contracting out). In this way it is expected that younger operatives will obtain a better pension than the State Earnings Related Pension or the State Second Pension (introduced in April 2002) at no extra cost to themselves.

The B & C E "Foundation" Personal Pension Scheme

The Scheme was established under a Trust Deed on 7 November 1990 and at 31 March 2003 there were 6,104 (2002 - 6,565) members. The purpose of the Scheme is to provide a Personal Pension Scheme for those operatives who have waived their rights to the Retirement Benefit Scheme or, from 1 April 1992, are self employed.

Review of activities - The Building and Civil Engineering Charitable Trust

The Charitable Trust was constituted by a Trust Deed on 2 October 1991. The objectives of the Trust are:

1. education and training in and research into occupational health and safety in the building and civil engineering industries;
2. education training and retraining for operatives, past operatives and young persons; and
3. relief of beneficiaries who are in need by virtue of their poverty, sickness or distress.

The Trust had made a total of 846 payments to beneficiaries by 31 March 2003 and £414,103 had been transferred from the Management Company.

Directors' report (continued)

Review of activities - B&CE Insurance Limited

During 1995 B&CE Insurance Limited was established as a 100% subsidiary. The objective is to offer appropriate insurance based products to all who work in the industry and during the year the products available were term assurance, annuities, accident cover and EasyBuild stakeholder pension scheme.

As at 31 March 2003 there were 293 Accident and Injury, 887 Term Assurance, 7,586 RapidCash, 1,606 Annuity and 204,464 EasyBuild policies in force.

Review of business

The consolidated profit and loss account for the year is set out on page 11. Turnover for the year decreased from £42.6m to £8.4m; this amount comprised income £12.9m (2002 - £11.9m) and deficit on investments £4.5m (2002 - surplus £30.7m). After deducting the loyalty bonus and benefits scheme contribution subsidy of £6.3m (2002 - £20.7m), and net operating expenses of £18.7m (2002 - £21.5m), there was a deficit before taxation of £16.6m (2002 - surplus £0.4m). After a tax credit of £1.7m (2002 - charge £6.1m) there was a deficit for the year of £14.9m (2002 - deficit £5.8m) which has been debited to reserves.

The financial position at the year end remains satisfactory and the volume of the traditional business increased during the year. The expansion of the Insurance Company continues.

Future activities

The Company proposes to continue to provide benefits to those working in the industry and to expand its membership wherever possible. The product range will be kept under review to ensure that it continues to meet the needs of the industry.

Property values

In the opinion of the Directors the market value of the freehold land and buildings is in excess of the book value, although this excess is likely to be small due to the recent construction of the building.

Directors

The Directors at 25 July 2003 are listed on page 2.

The Directors due to retire at the Annual General Meeting are Messrs. Lean, Vernon, Wilmshurst and Black. All have been re-appointed by their respective organisations.

Directors' interests

There were no contracts of significance subsisting during or at the end of the financial year in which a director of the company was materially interested.

Directors' report (continued)

Employees

Employee Involvement

For many years there have been regular meetings between staff representatives and managers at which all aspects of the Company's business are discussed. The management of the Company is committed to good communications. Many of the supervisory and specialist staff attend courses from time to time to improve their ability and increase overall efficiency. The Company also utilises in-house training equipment from which the majority of staff benefit.

Disabled persons

The Company's policy is to consider sympathetically the employment of disabled persons, provided there are no restraints imposed by the nature of the specific job. If an existing employee becomes disabled the Company will do its utmost to retain that employee either in the same job or, if that is not possible, in another one which is within the ability and scope of the employee.

The Company will continue to identify and monitor the employment of Registered Disabled Persons to determine its position in relation to current statutory requirements.

Tribute to staff

The staff at Crawley and the regional offices work hard to provide an efficient and cost effective service to the industry.

The Board would like to record its sincere thanks and appreciation to every member of staff.

Health & Safety Policy

The Company recognises its responsibility to its staff, visitors and contractors to provide and maintain safe and healthy working conditions, equipment and systems of work and to provide such information, instruction, training and supervision as is needed. The Company has policies and procedures in place to ensure that it complies, so far as is reasonably practicable, with the requirements set out in the Health and Safety at Work Act 1974 and all other associated legislation, and has appointed internal and external competent persons to act on its' behalf in this respect.

Charitable donations

During the financial year the Company contributed £100,000 to the Building and Civil Engineering Charitable Trust and £1,855 for other charitable purposes.

Taxation status

The Company is liable to Corporation Tax on its gross revenue excluding franked investment income, and on its chargeable capital gains with no deduction for administration costs. The subsidiary companies are taxed under the normal Corporation Tax rules for trading companies in respect of B & C E Unit Trust Management Company Limited, and for insurance companies, for B & C E Insurance Limited.

Creditor payment terms

All creditors continue to be paid at the latest at the end of the month following receipt of the invoice. Some creditors are paid under special mutually agreed terms.

Directors' report (continued)

Statement of internal control

The parent company Board has overall responsibility for B&CE's system of internal control and for reviewing its effectiveness. The Board has delegated to management the responsibility for establishing a system of internal controls appropriate to the business environment in which the Group operates.

On the 28 September 2001 it was agreed that the Group should adopt any relevant recommendations of the Turnbull Committee and introduce a formal risk management process and system of internal controls.

The system of internal control is designed to manage rather than eliminate the risk of failure to the achievement of business objectives. In pursuing these objectives, internal control can only provide reasonable and not absolute assurance against material misstatement or loss. The controls include financial, operational and compliance controls and risk management.

A Group Audit Committee was established on 28 September 2001. Since that date, the Audit Committee on behalf of the Board has:

- ◆ reviewed the internal audit work plans,
- ◆ met with the external auditors,
- ◆ considered reports from management and internal auditors on the system of internal control and any material weaknesses,
- ◆ discussed with management the actions taken on any problem areas identified by the Board members or in the internal audit reports.

The Audit Committee also reviewed the effectiveness of the risk management process and any significant risk issues were referred to the Board for consideration.

The Audit Committee consists of four non-executive directors. The minutes of the Audit Committee meetings are circulated to the directors and are included as agenda items at the Board meetings. Meetings were held on 27 September 2002 and 28 March 2003.

The Board, through the Audit Committee, has reviewed the Internal Audit Section's reports on the Group's internal systems and controls for the year ending 31 March 2003 and no significant weaknesses were reported.

Statement of Directors' responsibilities

Company law requires the Directors to prepare group financial statements for each financial year that give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and Group and 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report (continued)

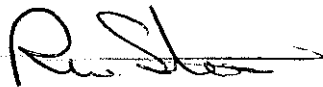
Statement of Directors' responsibilities (continued)

The Directors are responsible for the maintenance and integrity of the Company's Website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 21 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the annual general meeting.

By Order of the Board,



R. W. Steer
Group Secretary

25 July 2003

Building and Civil Engineering Holidays Scheme Management Limited

Independent auditors' report to the members of Building and Civil Engineering Holidays Scheme Management Limited

We have audited the financial statements which comprise the consolidated profit and loss account, the note of historical cost profits and losses, the balance sheets, the consolidated cash flow statement and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

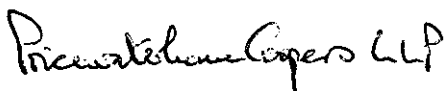
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 affairs of the company and the group at 31 March 2003 and of the deficit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Croydon

8 August 2003

Building and Civil Engineering Holidays Scheme Management Limited

Consolidated profit and loss account for the year ended 31 March 2003

	Notes	2003 £000	2002 £000
Turnover	3	8,400	42,611
Contribution subsidies	20	(6,330)	(20,767)
Net operating expenses	4	(18,704)	(21,474)
(Deficit)/surplus before taxation	5	<u>(16,634)</u>	<u>370</u>
Tax credit/(charge)	8	1,699	(6,122)
Deficit for the year	15	<u><u>(14,935)</u></u>	<u><u>(5,752)</u></u>

All of the Group's activities are continuing.

The Group has no recognised gains and losses other than the deficits above and therefore no separate statement of total recognised gains and losses has been presented.

Note of historical cost profits and losses for the year ended 31 March 2003

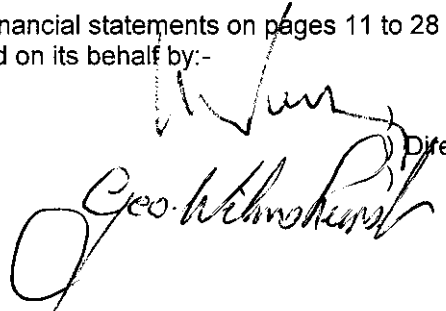
	2003 £000	2002 £000
Reported (deficit)/surplus before taxation	(16,634)	370
Unrealised deficit on current asset investments (Note 3)	<u>12,462</u>	<u>5,800</u>
Historical cost (deficit)/surplus before taxation	<u><u>(4,172)</u></u>	<u><u>6,170</u></u>
Historical cost (deficit)/surplus for the year after taxation	<u><u>(2,473)</u></u>	<u><u>48</u></u>

Building and Civil Engineering Holidays Scheme Management Limited

Balance sheets at 31 March 2003

		GROUP		COMPANY	
	Notes	2003 £000	2002 £000	2003 £000	2002 £000
Benefit Schemes Administration					
Fixed Assets					
Tangible assets	10	5,850	6,068	5,850	6,068
Investments	11	54,692	58,283	112,906	116,637
		60,542	64,351	118,756	122,705
Current assets					
Stocks	12	45	45	45	45
Debtors	13	7,072	5,551	10,122	5,494
Investments	11	24,319	23,151	23,759	22,879
Cash at bank and in hand		736	216	571	1
		32,172	28,963	34,497	28,419
General and Long Term Insurance					
Tangible assets	10	210	-		
Investments	11	57,153	61,169		
Reinsurers share of technical provisions		70,333	41,989		
Debtors and prepayments	13	1,583	1,425		
Cash at bank and in hand		-	146		
		129,279	104,729		
Total assets		221,993	198,043	153,253	151,124
Benefit Schemes Administration					
Creditors:- Amounts falling due within one year	14	64,539	60,263	64,271	61,654
General and Long Term Insurance					
Creditors:- Amounts falling due within one year	14	998	1,646		
Long Term Business provision		90,798	55,541		
Total liabilities		156,335	117,450	64,271	61,654
Net assets		65,658	80,593	88,982	89,470
Reserves					
Revenue reserves and total funds	15	65,658	80,593	88,982	89,470

The financial statements on pages 11 to 28 were approved by the board of directors on 25 July 2003 and were signed on its behalf by:-


Directors

Building and Civil Engineering Holidays Scheme Management Limited

Consolidated cash flow statement for the year ended 31 March 2003

	2003		2002	
	£000	£000	£000	£000
Net cash outflow from operating activities		(1,230)		(29,026)
Taxation		(4,284)		(6,585)
Capital expenditure and financial investment (Note A)		8,193		15,708
		<u>2,679</u>		<u>(19,903)</u>
Management of liquid resources (Note A)		4,109		12,250
Increase/(decrease) in cash		<u>6,788</u>		<u>(7,653)</u>
		=====		=====
Reconciliation of net cash flow to movement in net funds (Note B)				
Increase/(decrease) in cash in the period		6,788		(7,653)
Net decrease in liquid resources	(4,109)		(12,250)	
Realised surplus on sale of current asset investments	299		1,314	
Increase/(decrease) in unrealised surplus on current asset investments	280		(1,061)	
		<u>(3,530)</u>		<u>(11,997)</u>
Change in net funds		<u>3,258</u>		<u>(19,650)</u>
Net funds at the start of the year		19,415		39,065
Net funds at 31 March		<u>22,673</u>		<u>19,415</u>
		=====		=====
Reconciliation of surplus before taxation to net cash flow from operating activities				
(Deficit)/surplus before taxation (see note below)		(11,861)		9,043
Depreciation charges		690		732
Surplus on sale of fixed asset investments		(4,253)		(35,370)
Realised and unrealised decrease in unrealised surplus on Insurance Business investment assets		9,292		4,670
(Surplus)/loss on sale of tangible assets		(1)		7
Surplus on sale of current asset investments		(299)		(1,314)
(Increase)/decrease in unrealised surplus on current asset investments		(280)		1,061
(Increase)/decrease in debtors		(2,605)		333
Decrease/(increase) in pension prepayment		18		(280)
Increase/(decrease) in creditors		8,069		(6,042)
Decrease in Insurance Business investment creditor		-		(1,866)
Net cash outflow from operating activities		<u>(1,230)</u>		<u>(29,026)</u>
		=====		=====

Note:

In accordance with FRS1 the (deficit)/surplus before taxation above excludes the Long Term Insurance deficit before taxation of £4.773m (2002 – deficit £8.673m).

Notes to the cash flow statement

Note A - Gross cash flows

	2003 £000	2002 £000
Capital expenditure and financial investment		
Payments to acquire fixed asset investments	(4,796)	(42,478)
Payments to acquire Insurance Business investment assets	(4,113)	(7,705)
Payments to acquire tangible fixed assets	(524)	(198)
Receipts from sales of fixed asset investments	15,148	59,164
Receipts from sales of Insurance Business investment assets	2,425	6,916
Receipts from tangible fixed assets	53	9
	<u>8,193</u>	<u>15,708</u>
	=====	=====
Management of liquid resources		
Purchase of gilts and euro bonds	(27,795)	(63,042)
Sale of gilts and euro bonds	31,904	75,292
	<u>4,109</u>	<u>12,250</u>
	=====	=====

Note B - Analysis of changes in net cash

	1 April 2002 £000	Cash flows £000	Other £000	31 March 2003 £000
Cash in hand and at bank				
- Benefits Scheme Administration	216	520		736
- Insurance Business	146	(146)		-
Bank overdraft				
- Benefits Scheme Administration	(2,364)	2,364		-
- Insurance Business	-	(9)		(9)
Bank deposits repayable on demand				
- Benefits Scheme Administration	8,277	3,969		12,246
- Insurance Business	788	90		878
	<u>7,063</u>	<u>6,788</u>		<u>13,851</u>
Liquid resources				
Current asset investments	12,352	(4,109)	579	8,822
Total	<u>19,415</u>	<u>2,679</u>	<u>579</u>	<u>22,673</u>
	=====	=====	=====	=====

Other changes of £579,000 comprises the realised surplus and the unrealised movement in market values between the year end dates on current asset investments.

Analysed in balance sheet

Current asset investments – Listed	14,874	12,073
Less current asset investment creditors	(2,522)	(3,251)
	<u>12,352</u>	<u>8,822</u>
	=====	=====
Insurance Business – Bank deposits	3,083	3,092
Less Long Term Insurance Business – Bank deposit	(2,295)	(2,214)
	<u>788</u>	<u>878</u>
	=====	=====
Insurance Business – Bank overdraft		(15)
Less Long Term Insurance Business – Bank overdraft	-	6
	<u>-</u>	<u>(9)</u>
	=====	=====
	14	

Building and Civil Engineering Holidays Scheme Management Limited

Notes to the financial statements for the year ended 31 March 2003

1. Principal accounting policies

A summary of the more important group accounting policies adopted in arriving at the financial information set out in this report is set out below.

In order that the financial statements should present a true and fair view, it has been necessary to depart from the presentational requirements of the United Kingdom Companies Act 1985.

The presentation required by the Companies Act for the consolidated profit and loss account and the non revaluation of current asset investments would not have given a true and fair view due to the nature of the operations of the Group. The Group has therefore adopted a revised presentation, and presented a consolidated profit and loss account, including the change in market value of current asset investments, which is more appropriate to the Group's business. The effect of this departure is to overstate the deficit for the year by £12,462,000 (2002 – overstate the deficit by £5,800,000).

The Group accounts comply with applicable UK accounting standards. They have been prepared on the historical cost basis as modified to include certain insurance business assets at market value, with the exception of investments which are accounted for as detailed under "Investments" below.

The Group is not an insurance group, as defined by UK regulations, and therefore prepares its accounts in accordance with Schedule 4 of the Companies Act 1985. However, financial information on the Group's insurance business activities is presented in a manner consistent with the provisions of that Act applicable to insurance companies and with the Statement of Recommended Practice on Accounting for Insurance Business published by the Association of British Insurers in December 1998 ("the ABI SORP"). This is necessary to present the Group's activities in a meaningful way.

Basis of consolidation

The Group financial statements consolidate the results of the Company and the two trading subsidiaries. Inter company transactions are excluded.

Investments

Investments held for the long term (excluding investments in subsidiaries), are stated at cost or, where there has been an impairment in value, at market value.

In B & C E Insurance Limited's operations, quoted shares and other securities are recorded at market value.

Investments held as current assets are stated at market value.

In the Company's accounts, investments in subsidiaries are valued at cost or, where there has been an impairment in value, at their recoverable amount.

Operating leases

Operating lease rentals are charged on a straight line basis to the profit and loss account, over the lease term.

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Depreciation

Provision is made for depreciation of fixed assets on a straight line basis at the following rates per annum:-

	%		%
Land	0	Premises - Building	3
Office Furniture	10	- Plant and machinery	10
Motor Vehicles	20	Office Machinery - Computer Equipment	33.3
		- Office Equipment	20

Stocks

Stocks are valued at cost less provision for obsolescence and depreciation.

Turnover

Turnover which excludes VAT, Insurance Premium Tax and sales between group companies, represents fees, dividends, interest, realised and unrealised gains/losses on investments and premium income receivable. Dividend income is recognised on a net basis. The receipt and reimbursement of holiday pay has not been included in the consolidated profit and loss account.

Pension costs

The Group operates a defined benefit pension scheme which is contracted out of the State Scheme. The funds are valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme. Transitional disclosures as required by FRS17 – Retirement Benefits, have been provided in addition to SSAP24 disclosure.

VAT

Most of the Group's activities are exempt from VAT and only a small proportion of the input tax suffered is recoverable. Where appropriate the costs include irrecoverable VAT.

Deferred tax

FRS19 "Deferred tax" has been adopted requiring deferred tax to be provided on all timing differences, arising from the different treatment for accounts and tax purposes of transactions and events recognised in the financial statements of the current and previous years. Deferred taxation is calculated at the rates at which it is estimated the tax will arise.

2. Status of company

The Company is limited by guarantee, not having a share capital. The liability of the members is limited to £1 each.

Notes to the financial statements (continued)

3. Segmental information

Type of business	Turnover		(Deficit)/ surplus before tax		Net assets	
	2003 £000	2002 £000	2003 £000	2002 £000	2003 £000	2002 £000
Benefit Schemes Administration	9,471	41,737	(3,012)	13,090	28,175	33,051
Insurance Business	(1,071)	874	(13,622)	(12,720)	37,483	47,542
	<u>8,400</u>	<u>42,611</u>	<u>(16,634)</u>	<u>370</u>	<u>65,658</u>	<u>80,593</u>
	=====	=====	=====	=====	=====	=====
	Benefit Schemes Administration £000	2003 Insurance Business £000	Group Total £000	Benefit Schemes Administration £000	2002 Insurance Business £000	Group Total £000
Investment income:-						
Income from listed investments	3,270	3,633	6,903	4,565	2,319	6,884
Interest on short-term deposits	383	31	414	339	109	448
Miscellaneous income	20	21	41	164	18	182
Unit Trust management fees	966	-	966	1,046	-	1,046
Insurance Business - General	-	1,920	1,920	-	1,563	1,563
Insurance Business - Long term	-	2,616	2,616	-	1,828	1,828
	<u>4,639</u>	<u>8,221</u>	<u>12,860</u>	<u>6,114</u>	<u>5,837</u>	<u>11,951</u>
	-----	-----	-----	-----	-----	-----
Surplus on investments:-						
Realised surplus/(deficit)	4,552	3,450	8,002	36,684	(224)	36,460
Increase/(decrease) in unrealised surplus on current asset and Insurance Business investments	280	(12,742)	(12,462)	(1,061)	(4,739)	(5,800)
	<u>4,832</u>	<u>(9,292)</u>	<u>(4,460)</u>	<u>35,623</u>	<u>(4,963)</u>	<u>30,660</u>
	-----	-----	-----	-----	-----	-----
Turnover	<u>9,471</u>	<u>(1,071)</u>	<u>8,400</u>	<u>41,737</u>	<u>874</u>	<u>42,611</u>
	=====	=====	=====	=====	=====	=====
Operating expenses:-						
Acquisition costs		1,141			1,598	
Administration		1,245			1,079	
- Long term		1,109			248	
- General		39			165	
Claims		916			513	
- Long term		1,084			970	
- General		6,914			8,932	
Provision		103			89	
General Expenses						
		<u>12,551</u>			<u>13,594</u>	
		-----			-----	
(Loss)		<u>(13,622)</u>			<u>(12,720)</u>	
		=====			=====	
4. Net Operating expenses						
Insurance provision	-	6,914	6,914	-	8,932	8,932
Other	6,153	5,637	11,790	7,880	4,662	12,542
	<u>6,153</u>	<u>12,551</u>	<u>18,704</u>	<u>7,880</u>	<u>13,594</u>	<u>21,474</u>
	=====	=====	=====	=====	=====	=====

Notes to the financial statements (continued)

5. (Deficit)/surplus before taxation

	GROUP	
	2003	2002
	£000	£000
(Deficit)/surplus before taxation		
is stated after charging:		
Employee costs (Note 6)	4,899	4,658
Directors' remuneration (Note 7)	77	73
Depreciation (Note 10)	709	732
Auditors' remuneration - audit	84	67
Auditors' remuneration - other services	60	27
	=====	=====

£47,000 (2002 - £47,000) is included in auditors' remuneration - audit, for auditing the parent company.

6. Employee information

Staff costs during the year
amounted to:-

Salaries and wages	4,070	4,043
Social security	293	312
Staff Pension Scheme		
costs (Note 19)	248	232
Mortgage subsidies	24	71
Early Retirement Scheme	264	-
	=====	=====
	4,899	4,658

The average weekly number of staff
employed by the Group during the year
was:-

	Number	Number
	199	196
	=====	=====
Management	15	13
Clerical	176	177
Manual/Services	8	6
	=====	=====
	199	196

7. Directors' remuneration

	GROUP	
	2003	2002
	£000	£000
Aggregate emoluments	77	73
	=====	=====

Fees of £96,000 (2002 - £90,000) have been paid to industrial organisations for the provision of directors services.

Notes to the financial statements (continued)

8. Taxation

	2003 £000	Group 2002 £000
UK corporation tax on profits for the year	180	7,653
Long Term Insurance Business	64	(1,331)
Adjustment in respect of previous periods	(1,943)	(200)
Total current tax (credit)/charge	<u>(1,699)</u> =====	<u>6,122</u> =====
The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:		
(Deficit)/surplus on ordinary activities before tax	(16,634)	370
Add deficit on Insurance Business Technical accounts	5,341	9,284
	<u>(11,293)</u> =====	<u>9,654</u> =====
Surplus on ordinary activities multiplied by standard rate in the UK 30% (2002 - 30%)	(3,388)	2,896
Effect of:		
Losses not recognised	1,008	-
Non allowable expenses	3,538	8,329
Net franked investment income	(678)	(873)
Net difference between taxable capital gains and book gains on equity investments	(296)	(2,536)
Adjustment in respect of previous periods	(1,943)	(200)
Other differences	(4)	(163)
Current tax (credit)/charge for the period	<u>(1,763)</u> =====	<u>7,453</u> =====

The high tax charge is due to the specific tax law which governs the parent Company whereby only investment income and gains are taxable but no expenses are deductible in arriving at the taxable surplus.

In accordance with the draft ABI SORP on accounting for insurance business, the above reconciliation excludes the tax attributable to the Insurance Business Technical accounts.

Deferred taxation

No deferred tax assets or liabilities have been recognised at 31 March 2003. A potential deferred tax asset of £2,505,513 (2002 – £1,491,000) relating to long term insurance business losses, and a deferred tax asset of £11,000 (2002 – £4,000) on timing differences on market value of investments held by B & C E Unit Trust Management Company Limited have not been recognised.

9. (Deficit)/surplus for the financial year

As prescribed by Section 230 of the Companies Act 1985, the parent Company's profit and loss account has not been included in these financial statements. The parent Company's deficit for the financial year was £488,050 (2002 surplus £3,733,576).

Notes to the financial statements (continued)

10. Tangible fixed assets	Freehold Land and Premises	Office Furniture	Office Machinery	Motor Vehicles	Total
	£000	£000	£000	£000	£000
GROUP					
Cost					
At 1 April 2002	5,986	472	1,569	419	8,446
Additions	-	15	285	224	524
Disposals	-	-	(50)	(194)	(244)
At 31 March 2003	5,986	487	1,804	449	8,726
	=====	=====	=====	=====	=====
Depreciation					
At 1 April 2002	855	165	1,133	225	2,378
Charge for the year	269	49	300	72	690
Disposals	-	-	(41)	(151)	(192)
At 31 March 2003	1,124	214	1,392	146	2,876
	=====	=====	=====	=====	=====
Net Book Value					
At 31 March 2003	4,862	273	412	303	5,850
	=====	=====	=====	=====	=====
At 31 March 2002	5,131	307	436	194	6,068
	=====	=====	=====	=====	=====
COMPANY					
Cost					
At 1 April 2002	5,986	472	1,560	419	8,437
Additions	-	15	285	224	524
Disposals	-	-	(50)	(194)	(244)
At 31 March 2003	5,986	487	1,795	449	8,717
	=====	=====	=====	=====	=====
Depreciation					
At 1 April 2002	855	165	1,124	225	2,369
Charge for the year	269	49	300	72	690
Disposals	-	-	(41)	(151)	(192)
At 31 March 2003	1,124	214	1,383	146	2,867
	=====	=====	=====	=====	=====
Net Book Value					
At 31 March 2003	4,862	273	412	303	5,850
	=====	=====	=====	=====	=====
At 31 March 2002	5,131	307	436	194	6,068
	=====	=====	=====	=====	=====

Notes to the financial statements (continued)

10. Tangible fixed assets

	Office Machinery	Total
	£000	£000
General and Long Term Insurance Business Cost		
At 1 April 2002	-	-
Additions	229	229
At 31 March 2003	229	229
	=====	=====
Depreciation		
At 1 April 2002	-	-
Charge for the year	19	19
At 31 March 2003	19	19
	=====	=====
Net Book Value At 31 March 2003	210	210
	=====	=====

11. Investments

Fixed assets

	GROUP		COMPANY	
	2003	2002	2003	2002
	£000	£000	£000	£000
Shares in Group undertakings at cost	-	-	60,050	60,050
Other investments other than loans -				
Eurobonds	1,836	1,696	-	-
Listed equities	20,277	23,687	20,277	23,687
Listed equity open ended investment companies	32,579	32,900	32,579	32,900
	54,692	58,283	112,906	116,637
	=====	=====	=====	=====

The Company owns 100% of the issued ordinary share capital of B & C E Unit Trust Management Company Limited, which is incorporated and registered in England, whose principal activity is to manage the Building and Civil Engineering Contracted Out Personal Pension Scheme and The B & C E "Foundation" Personal Pension Scheme.

The Company also owns 100% of the issued ordinary share capital of B & C E Insurance Limited. The Company, which is incorporated and registered in England, is a Health Composite Insurance Company.

Listed Investments

Cost at 1 April	58,283	42,107	56,587	40,900
Additions	4,796	42,478	3,529	39,360
Disposals	(8,387)	(26,302)	(7,259)	(23,673)
Cost at 31 March	54,692	58,283	52,857	56,587
	=====	=====	=====	=====
Market Value at 31 March	63,236	103,672	61,363	101,962
	=====	=====	=====	=====

Notes to the financial statements (continued)

11. Investments (continued)

	GROUP		COMPANY	
	2003	2002	2003	2002
	£000	£000	£000	£000
Current assets				
Listed investments	12,009	15,090	12,009	15,090
Bank deposits	12,246	8,277	11,686	8,005
Cost at 31 March	<u>24,255</u>	<u>23,367</u>	<u>23,695</u>	<u>23,095</u>
	=====	=====	=====	=====
Listed investments	12,073	14,874	12,073	14,874
Bank deposits	12,246	8,277	11,686	8,005
Market Value at 31 March	<u>24,319</u>	<u>23,151</u>	<u>23,759</u>	<u>22,879</u>
	=====	=====	=====	=====

General and Long Term Insurance Business

	2003	2002
	£000	£000
Open Ended Investment Companies	34,233	34,397
UK Government Gilts and Eurobonds	32,569	28,209
Bank deposits	3,092	3,083
Cost at 31 March	<u>69,894</u>	<u>65,689</u>
	=====	=====
Open Ended Investment Companies	20,264	29,974
UK Government Gilts and Eurobonds	33,797	28,112
Bank deposits	3,092	3,083
Market Value at 31 March	<u>57,153</u>	<u>61,169</u>
	=====	=====

	GROUP		COMPANY	
	2003	2002	2003	2002
	£000	£000	£000	£000
12. Stocks				
Stationery and consumables	45	45	45	45
	=====	=====	=====	=====
13. Debtors				
Fixed asset investment sales	-	2,508	-	2,508
Amounts owed by Group undertakings	-	-	3,038	86
Corporation tax	2,874	-	3,054	-
Other debtors	1,765	223	1,763	217
Accrued income	938	1,267	776	1,135
Prepayments	318	358	314	353
Pension prepayment	1,177	1,195	1,177	1,195
	<u>7,072</u>	<u>5,551</u>	<u>10,122</u>	<u>5,494</u>
	=====	=====	=====	=====

Notes to the financial statements (continued)

13. Debtors (continued)

Debtors – General and Long Term Insurance Business

	2003 £000	2002 £000
Other debtors – taxation	-	31
Accrued income	824	778
Other prepayments and accrued income	749	518
Other debtors	10	98
	<u>1,583</u>	<u>1,425</u>
	=====	=====

14. Creditors - Due within one year:-

	GROUP		COMPANY	
	2003 £000	2002 £000	2003 £000	2002 £000
Client money	152	201	-	-
Bank overdraft	-	2,364	-	2,364
Unredeemed balances of:				
Template holiday pay	60,277	50,893	60,277	50,893
Corporation tax	-	3,201	-	3,105
Other taxation and social security contributions	91	102	91	102
Other creditors	448	507	446	502
Accruals	320	473	206	332
Current asset investment purchases	3,251	2,522	3,251	2,522
Amounts owing to group undertakings	-	-	-	1,834
	<u>64,539</u>	<u>60,263</u>	<u>64,271</u>	<u>61,654</u>
	=====	=====	=====	=====

Creditors - General and Long Term Insurance Business

	2003 £000	2002 £000
Bank Overdraft	15	-
Corporation Tax	64	-
Other taxation and social security contributions	648	71
Other creditors	183	193
Accruals	88	131
Creditor for investment purchases	-	491
Amount due to reinsurers	-	760
	<u>998</u>	<u>1,646</u>
	=====	=====

Notes to the financial statements (continued)

15. Reserves

	GROUP £000	COMPANY £000
At 1 April 2002	80,593	89,470
Deficit for the year	(14,935)	(488)
At 31 March 2003	<u>65,658</u> =====	<u>88,982</u> =====

16. Contingent liabilities

The Company has undertaken to provide financial support, as and when required, to the Building and Civil Engineering Accident Benefit Scheme. There was no liability as at 31 March 2003.

The Board of Directors periodically review the financing of the death benefits paid under the Building and Civil Engineering Benefits Scheme and determine the level of financial support based on the Company's resources. There was no liability as at 31 March 2003.

The Board of Directors have agreed to donate up to £1.5m to The Building and Civil Engineering Charitable Trust to fund the charity's activities. At the year end £414,103 in total had been transferred to the Trust.

17. Related party transactions

During the year the company made payments to four industrial organisations in respect of promotional fees and for the provision of directors services as follows:

Industrial Organisation	Charge for Year		Balance outstanding	
	2003 £	2002 £	2003 £	2002 £
Construction Confederation	332,313	362,758	84,118	98,676
UCATT	123,600	133,583	31,259	36,293
T & GWU	96,430	104,812	24,400	53,871
GMB	28,106	29,821	7,097	15,416

The Construction Confederation have appointed six directors. UCATT appointed three directors, T & GWU two and GMB one. Fees of £8,000 (2002 - £8,000) are payable for each director provided.

There are no other related party transactions requiring disclosure in this years financial statements in accordance with FRS 8 (Related Party Disclosures).

18. Capital Commitments

There were no capital commitments at the year end (2002 - NIL).

Notes to the financial statements (continued)

19. Pension commitments

The Group SSAP24 charge for the year is £248,000 (2002 - £232,219) which is the amount recognised as cost. The difference between this cost and the amount paid directly results in a prepayment of £1,177,358 at 31 March 2003 (2002 - £1,194,811) – Notes 6 and 13.

The Company operates an occupational defined benefit pension scheme known as the B&CE Staff Pension Scheme, which provides benefits based on final pensionable salary. The assets of the Pension Scheme are held separately from those of the Company, in an independently administered trust fund.

The most recent formal actuarial valuation of the Pension Scheme was carried out by the Pension Scheme's independent actuary as at 31 December 2001. Based on the results of the valuation, the current Company contribution rate is 9% of pensionable salaries and the members' temporarily reduced contribution rate is 3.5% of pensionable salaries.

The Accounting Standards Board has proposed a delay in the full implementation of FRS17. In the meantime it requires certain transitional disclosures in these financial statements to show the effect that the standard will have once it is applied in full. FRS17 will require the balance sheet value of the Pension Scheme to reflect the current fair value of the Pension Scheme's assets and liabilities, and it will therefore represent a significant change in the accounting treatment for pension's costs. Application of this standard is likely to lead to significant changes in balance sheet values, for the reasons indicated below. The following data shows information supplied by the actuary to 31 March 2003 in accordance with FRS17, and therefore represents the balance sheet and profit & loss account position had this standard been applied earlier. The major assumptions used by the actuary for this purpose were:

	31 March 2003 % p.a.	31 March 2002 % p.a.
Discount rate	5.5	6.1
Rate of increase in salaries	4.1	4.3
Price inflation	2.6	2.8
Pension increases		
on pension accrued before 1 January 1995	3.0	3.0
on pension accrued since 1 January 1995	2.5	2.7

Notes to the financial statements (continued)

19. Pension commitments (continued)

On the FRS17 basis, the assets and liabilities of the Pension Scheme and the expected rates of return would have been:

	Long-term of rate of return expected at 31 March 2003	Value at 31 March 2003	Long-term rate of return expected at 31 March 2002	Value at 31 March 2002
	% p.a.	£000	% p.a.	£000
Equities	8.15	12,413	8.10	16,522
Corporate bonds	4.95	83	6.10	1,250
Property	7.15	1,120	6.10	1,161
Fixed interest gilts	4.65	1,070	5.10	1,376
Index-linked gilts	4.40	1,959	4.90	1,452
Cash	3.60	402	3.60	285
Net current assets	3.60	214	3.60	201
Total assets	7.26	17,261	7.39	22,247
Present value of Pension Scheme liabilities		(23,198)		(20,171)
(Deficit)/surplus in Pension Scheme		(5,937)		2,076
		=====		=====
Net Pension Scheme (liability)/asset		(5,937)		2,076
		=====		=====

The analysis of profit and loss charge for 2003 would have been:

	2003
	£000
Analysis of the amount charged to operating profit	
Current service cost	634
Past service cost	58
Total operating charge	692
Analysis of the amounts credited to other finance income	
Expected return on Pension Scheme assets	(1,650)
Interest on Pension Scheme liabilities	1,242
Net return	(408)
Net profit and loss charge	284
	=====

Notes to the financial statements (continued)

19. Pension commitments (continued)

The movement in surplus/(deficit) during the year would have been:

	2003 £000
Surplus in Pension Scheme at beginning of year	2,076
Current service cost	(634)
Past service cost	(58)
Contributions paid	452
Net interest/return on Pension Scheme assets	408
Actuarial loss	(8,181)
Deficit in Pension Scheme at end of year	<u>(5,937)</u>

The analysis of amounts recognised in STRGL would have been:

Actual return less expected return on Pension Scheme assets	(6,318)
Experience loss on Pension Scheme liabilities	(23)
Changes in liability assumptions	(1,840)
Actuarial loss recognised in STRGL	<u>(8,181)</u>

The history of experience gains and losses would have been:

Actuarial return less expected return on Pension Scheme assets:

	2003 £000
Amount	6,318
Percentage of Pension Scheme assets	28.4%

Experience loss on Pension Scheme liabilities:

Amount	(23)
Percentage of Pension Scheme liabilities	0.1%

Actuarial loss recognised in STRGL:

Amount	(8,181)
Percentage of Pension Scheme liabilities	40.6%

Note: percentages are based on values of Pension Scheme assets and liabilities as at 31 March 2002.

The Pension Scheme asset and liability values on the FRS17 basis reflect market conditions at the Company's year-end date and can be expected to vary greatly from year to year, without necessarily affecting the Pension Scheme's long-term ability to provide the required benefits.

Notes to the financial statements (continued)

20. Contribution Subsidies

	2003 £000	2002 £000
Accident and death benefit	1,871	4,778
EasyBuild stakeholder scheme	4,459	15,989
	<u>6,330</u> =====	<u>20,767</u> =====

The cost of death benefit claims, less a 30p per week contribution from the employers, is funded by the Company. During the year no contributions were paid into the Accident Benefit Fund and the claims were paid from the fund.

The Board agreed to pay a loyalty bonus to employers whose operatives were active members of the EasyBuild stakeholder scheme. This bonus, at the rate of £3.10 per week per operative between 9 April and 30 June 2001, and then £2.10 from 1 July 2001 to 30 June 2002, was then paid into the operatives' EasyBuild policy by the employer.