

**Mayne Nickless (UK) Limited**

**Directors' report and financial statements**

For the period ended 4 July 1999  
Registered number 732993



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## **Directors' report**

The directors present herewith their report and the audited financial statements for period 6 July 1998 to 4 July 1999.

### **Principal activities**

The company is engaged in the provision of transport related services, which include parcel distribution and logistics management.

### **Business review and future developments**

The Company has continued to develop its businesses during the period under review and the directors are satisfied with the operating results.

### **Dividends and results**

The directors do not recommend the payment of a dividend (1998: *£nil*). The profit for the financial period will be transferred to reserves. The results for the period are shown on page 5.

### **Directors**

The directors of the company who have held office since 6 July 1998 are as follows:

WJ Kirk	- resigned 28 January 1999
CF Millbanks	
NH Moss	
AP Gent	- resigned 23 September 1998
C Ogg	- appointed 28 January 1999
RLB Smith	- appointed 28 January 1999

Directors' and officers' liability insurance cover is maintained by the ultimate holding company.

### **Directors' interests**

According to the register required to be kept under Section 325 of the Companies Act 1985, none of the directors at 4 July 1999 held any interest in the shares of the group companies at any time during the financial period ended 4 July 1999. As permitted by statutory instrument, the register does not include shareholdings of directors in any body corporate outside Great Britain.

No director had any interest in any contract or proposed contract with the company or with any of its subsidiary undertakings.

## **Directors' report** *(continued)*

### **Employees**

The group gives due consideration to applications for employment by disabled persons and encourages the career development of such persons as it is able to employ. In the event of employees becoming disabled whilst in the service of the group, every effort is made to continue their employment by transfer to alternative duties, if required, and by the provision of such retraining as is appropriate.

It is the policy of the group to endeavour to maintain close links with the whole of the work force. The group undertakings communicate with their employees in a number of ways including notice boards, newsletters and other channels.

### **Donations**

Charitable donations made during the period amounted to £50,214 (1998: £27,043).

### **Year 2000**

The company has recognised the impact that the Year 2000 computer date issue may have on the proper running of its distribution and accounting functions. The directors have made significant steps towards ensuring the compliance of all affected assets and operations and expenditure of £1.14 million on Year 2000 compliance is included within the appropriate categories.

### **Economic and monetary union**

The directors have assessed the likely impact on the company in respect of monetary union. They do not feel that there will be any initial effect on the operations of the business and any potential costs of adoption are not anticipated to be material to the company's financial statements.

### **Creditor payment policy**

Terms and conditions are agreed with suppliers in advance. Payment is then made in accordance with the agreement, providing the supplier has met the terms and conditions.

The company's trade creditors at 4 July 1999 were 53.9 days based on average amounts invoiced by suppliers during the year. The average trade creditors during the year were 47.1 days.

### **Auditors**

In accordance with Section 386(1) of the Companies Act 1985, an elective resolution has been passed such that KPMG remain as auditors without the need for annual re-appointment.

By order of the board



**NH Moss**  
*Secretary*

16 September 1999

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a 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 have general responsibility for taking such steps as are reasonably open to them to *safeguard the assets of the company and to prevent and detect fraud and other irregularities.*



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## **Report of the auditors to the members of Mayne Nickless (UK) Limited**

*We have audited the financial statements on pages 5 to 18.*

### **Respective responsibilities of directors and auditors**

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

### **Basis of 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 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 4 July 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

16 September 1999

*Chartered Accountants  
Registered Auditors*

**Profit and loss account**  
*for the period ended 4 July 1999*

	<i>Notes</i>	<b>1999</b> <b>£000</b>	<b>1998</b> <b>£000</b>
<b>Turnover</b>	2	<b>119,029</b>	<b>122,554</b>
<b>Operating profit</b>	3	<b>5,927</b>	<b>4,820</b>
Income from shares in group undertakings		<b>17,593</b>	<b>3,427</b>
Amounts written off investments	11	-	(21,413)
Loss from interest in partnership	12	<b>(143)</b>	<b>(7,892)</b>
Loss on disposal of fixed assets		<b>(261)</b>	<b>(28)</b>
<b>Profit/(loss) before interest</b>		<b>23,116</b>	<b>(21,086)</b>
Interest receivable and similar income	6	<b>2,203</b>	<b>2,245</b>
Interest payable and similar charges	7	<b>(1,677)</b>	<b>(2,875)</b>
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>23,642</b>	<b>(21,716)</b>
Tax on profit/(loss) on ordinary activities	8	<b>(2,216)</b>	<b>(5)</b>
<b>Profit/(loss) for the financial period</b>	19	<b>21,426</b>	<b>(21,721)</b>

In both the current and preceding periods, the company made no material acquisitions and had no discontinued operations.

**Statement of total recognised gains and losses**  
*for the period ended 4 July 1999*

	<i>Notes</i>	<b>1999</b> <b>£000</b>	1998 £000
Profit/(loss) for the financial period	19	<b>21,426</b>	(21,721)
Unrealised surplus on revaluation of properties	20	<b>849</b>	-
Total gains and losses since last annual report		<b>22,275</b>	(21,721)

**Note of historical cost profits and losses**  
*for the period ended 4 July 1999*

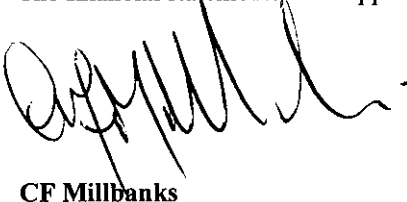
	<b>1999</b> <b>£000</b>	1998 £000
Reported profit/(loss) on ordinary activities	<b>23,642</b>	(21,716)
Difference between historic cost depreciation charge and the actual depreciation charge of the period calculated on the revalued amount	<b>13</b>	7
Historical cost profit/(loss) on ordinary activities before taxation	<b>23,655</b>	(21,709)
Historical cost profit/(loss) for the financial period retained after taxation	<b>21,439</b>	(21,714)



**Balance sheet**  
*as at 4 July 1999*

	Notes	£000	1999 £000	£000	1998 £000
<b>Fixed assets</b>					
Intangible assets	9		2,874		3,135
Tangible assets	10		24,170		23,910
Investment in group undertakings	11		89,317		89,317
Interest in partnership undertaking	12		264		-
			<u>116,625</u>		<u>116,362</u>
<b>Current assets</b>					
Stocks	13	235		269	
Debtors	14	45,174		52,027	
Cash at bank and in hand		3,115		4,155	
		<u>48,524</u>		<u>56,451</u>	
<b>Creditors: amounts falling due within one year</b>	15	(63,673)		(93,252)	
<b>Net current liabilities</b>			<u>(15,149)</u>		<u>(36,801)</u>
<b>Total assets less current liabilities</b>			<u>101,476</u>		<u>79,561</u>
<b>Financed by:</b>					
<b>Creditors: amounts falling due after more than one year</b>	16		90,251		91,242
<b>Provision for liabilities and charges - asset</b>	17		(84)		(715)
			<u>90,167</u>		<u>90,527</u>
<b>Capital and reserves</b>					
Called up share capital	18	39,745		39,745	
Share premium account	19	119		119	
Revaluation reserve	19	1,113		973	
Profit and loss account	19	(29,668)		(51,803)	
<b>Equity shareholders' funds</b>	20		<u>11,309</u>		<u>(10,966)</u>
			<u>101,476</u>		<u>79,561</u>

The financial statements were approved by the board of directors on 16 September 1999 and signed on its behalf by:



CF Millbanks



NH Moss  
Directors

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### *Accounting convention*

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain properties and in accordance with applicable accounting standards which were in operation during the period.

#### *Cash flow statement*

Under Financial Reporting Standard Number 1 the company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking and the consolidated financial statements within which the company is included are publicly available.

#### *Group financial statements*

The company is exempt from the requirement to prepare group financial statements for this period under Section 228 of the Companies Act 1985 due to its results being included in a larger EEC group. These financial statements present information about the undertaking as an individual undertaking and not about its group.

#### *Depreciation*

Depreciation is calculated to write-off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. Depreciation is charged from the month of acquisition and the principal annual rates used for this purpose are:

Freehold buildings	2.5%
Leasehold improvements	term of lease
Plant and equipment	10%
Fixtures and fittings	10 to 20%
Computer hardware and software	20 to 50%

#### *Taxation*

The charge for taxation is based on the result for the period as adjusted for disallowable items and for timing differences. The tax effect of timing differences which are likely to result in an actual tax liability is treated as a deferred tax liability or asset. Provision is made by reference to the rates of corporation tax which are anticipated to prevail in the periods in which the timing differences are expected to reverse after deducting the benefit of any accumulated tax losses.

#### *Turnover*

Turnover represents the invoiced value of services rendered, excluding value added tax.

#### *Repairs and renewals*

Repairs and renewals are charged to the profit and loss account as incurred.

#### *Leases*

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

#### *Foreign currencies*

Profit and loss items expressed in foreign currencies are translated into sterling at average rates for the relevant accounting period. Monetary assets and liabilities expressed in foreign currencies are translated to sterling at the rates of exchange ruling at the end of the financial period, differences on exchange being included in operating results.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Fixed asset investments*

Shares in group companies are stated at cost less amounts written off where there has been a permanent diminution in value.

#### *Goodwill*

Items of purchased goodwill represent the difference between the cost of investments in certain businesses and subsidiaries and the fair value of the net assets acquired. The valuation of goodwill has been reviewed by Directors to confirm that the current valuation is appropriate and there has been no permanent diminution in value. Goodwill is amortised against operating income over a period of time not exceeding twenty years in accordance with FRS 10.

#### *Stocks*

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost represents actual invoice price and net realisable value is the price at which stocks can be realised in the normal course of business after allowing for the costs of realisation. Provision is made for obsolete, slow moving and defective stocks.

#### *Pensions*

The company operates two pension schemes. In the UK, a defined benefit scheme, which was closed to new members in April 1999 and a defined contribution scheme which commenced in April 1999.

The defined benefit scheme is funded by contributions from the employers and the employees. The schemes' assets are held in a fund administered by Schroder Investment Management Limited and consist mainly of investments in listed companies.

In addition the company operates a defined contribution scheme in Ireland.

Employers' contributions are paid on the basis of advice from independent professionally qualified actuaries who carry out a valuation of the scheme every three years. The employers' contributions are charged to the profit and loss account on the basis of a substantially level percentage of the current and expected future pension payroll. The net charge to the financial statements arising from the treatment for the period was £1,169,000 (1998: £1,024,000).

The last actuarial valuation, as at 6 April 1997, disclosed that the market value of the scheme's assets was £51,852,000, and the actuarial value thereof represented a surplus over past service liabilities of 2.3%. This valuation was performed using the 'projected unit method'. The main actuarial assumptions was that the long term investment yield will exceed the rate of increase in earnings by 1.5%. The surplus has arisen due to the strong past service funding position.

### 2 Turnover

All turnover and profit/(loss) before taxation is derived from transport activities in the United Kingdom.

## Notes (continued)

### 3 Operating profit

The operating profit is analysed as follows:

	1999 £000	1998 £000
Turnover	119,029	122,554
Other external charges	26,094	27,686
Operating asset costs	18,241	19,070
Employment costs (note 5)	47,720	47,957
Depreciation and other amounts written off tangible assets	3,541	2,960
Amortisation of intangible fixed assets	261	240
Other operating charges	17,398	19,958
Non-operating income	(153)	(137)
	<u>(113,102)</u>	<u>(117,734)</u>
Operating profit	<u>5,927</u>	<u>4,820</u>

The profit on ordinary activities is stated after charging/(crediting):

	1999 £000	1998 £000
Auditors' remuneration - audit	27	30
- other services	76	261
Hire of plant and equipment - rentals payable under operating leases	6,083	6,288
Hire of other assets - operating leases	2,832	2,782
Foreign exchange (gain)/loss	(7)	534
Depreciation and other amounts written off tangible fixed assets - owned	3,541	2,960

### 4 Directors' remuneration

	1999 £000	1998 £000
Directors' emoluments	<u>545</u>	<u>251</u>

The aggregate of emoluments of the highest paid director were £241,000 (1998: £104,000).

He is a member of a defined benefit scheme, under which the accrued pension to which he would be entitled from normal retirement date if he were to retire at the year end was £27,978 (1998: £21,832) and any lump sum paid would result in a lower pension being payable.

	Number of directors 1999	1998
Retirement benefits are accruing to the following directors under:		
Defined benefit schemes	<u>4</u>	<u>3</u>

## Notes (continued)

### 5 Employee information

The average number of persons, including executive directors, employed by the company during the period is analysed below:

	1999	1998
Administration and supervision	728	767
Operational	2,037	2,122
	<u>2,765</u>	<u>2,889</u>

Employment costs, including payments to executive directors employed by the company during the period, are analysed below:

	1999 £000	1998 £000
Aggregate gross wages and salaries	43,078	43,457
Employers national insurance contributions	3,473	3,476
Employers pension scheme contributions under group schemes	1,169	1,024
	<u>47,720</u>	<u>47,957</u>

The surplus in the pension scheme is being amortised over the remaining service lives of the employees. As a result of this and in conjunction with the accounting policy, the company has made a total profit and loss account charge in respect of pension contributions to the Mayne Nickless (UK) Limited Pension Scheme for the current period of £1,169,000 (1998: £1,024,000).

### 6 Interest receivable and similar income

	1999 £000	1998 £000
Interest on tax repayment	-	59
Bank interest	-	4
Receivable from group undertakings	2,203	2,182
	<u>2,203</u>	<u>2,245</u>

### 7 Interest payable and similar charges

	1999 £000	1998 £000
Bank loans and overdraft, all repayable within five years	3	1
Group loans	1,658	2,874
Interest on tax payments	16	-
	<u>1,677</u>	<u>2,875</u>

## Notes (continued)

### 8 Tax on profit/(loss) on ordinary activities

	1999 £000	1998 £000
<i>Taxation comprises:</i>		
UK Corporation tax at 30.75% (1998: 31%)		
- current	1,826	(266)
- prior period overprovision	(241)	-
Deferred tax		
- current	586	271
- prior period underprovision	45	-
	<hr/>	<hr/>
Taxation charge	2,216	5
	<hr/> <hr/>	<hr/> <hr/>

### 9 Intangible fixed assets - purchased goodwill

	1999 £000	1998 £000
<i>Cost:</i>		
At 6 July 1998 and 4 July 1999	5,000	5,000
	<hr/>	<hr/>
<i>Accumulated amortisation:</i>		
At 6 July 1998	1,865	1,625
Charge for the period	261	240
	<hr/>	<hr/>
At 4 July 1999	2,126	1,865
	<hr/>	<hr/>
<i>Net book value:</i>		
At 4 July 1999	2,874	3,135
	<hr/> <hr/>	<hr/> <hr/>
At 5 July 1998	3,135	3,375
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 10 Tangible fixed assets

	Freehold land and buildings £000	Short leasehold land and buildings £000	Software, plant and equipment £000	Assets in course of construction £000	Total £000
<i>Cost or valuation:</i>					
At 6 July 1998	9,940	2,576	27,700	932	41,148
Additions	(13)	97	2,377	784	3,245
Revaluation	79	-	-	-	79
Reclassifications	910	234	477	(1,621)	-
Transfer from group undertaking	-	-	5	-	5
Disposals	-	(76)	(3,139)	-	(3,215)
At 4 July 1999	10,916	2,831	27,420	95	41,262
<i>Depreciation:</i>					
At 6 July 1998	689	1,079	15,470	-	17,238
Charge for the period	162	155	3,224	-	3,541
Revaluation	(770)	-	-	-	(770)
Disposals	-	(40)	(2,877)	-	(2,917)
At 4 July 1999	81	1,194	15,817	-	17,092
<i>Net book value:</i>					
At 4 July 1999	10,835	1,637	11,603	95	24,170
At 5 July 1998	9,251	1,497	12,230	932	23,910

Freehold land and buildings includes land not depreciated at a valuation of £3,330,000 (1998: £2,739,000).

Land and buildings were revalued by an independent Chartered Surveyor on 28 February 1999 on an existing use basis. This has had the effect of increasing the carrying value of land and buildings by £849,000 which has been credited to the revaluation reserve.

Comparable amounts determined according to the historical cost convention are as follows:

	Freehold land and buildings £000	Short leasehold land and buildings £000	Software, plant and equipment £000	Assets in course of construction £000	Total £000
Cost	10,568	2,831	27,420	95	40,914
Accumulated depreciation	(830)	(1,194)	(15,817)	-	(17,841)
Net book value at 4 July 1999	9,738	1,637	11,603	95	23,073
Net book value at 5 July 1998	8,997	1,497	12,230	932	23,656

## Notes (continued)

### 11 Investments in group undertakings

	1999 £000	1998 £000
Investments in subsidiary undertakings		
At 6 July 1998	89,317	110,730
Investments in the period	-	40,882
Disposals	-	(40,882)
Write-down in investments	-	(21,413)
<b>At 4 July 1999</b>	<b>89,317</b>	<b>89,317</b>

(a) Investments comprise shares in subsidiary undertakings at cost less amounts written-off.

(b) Particulars of subsidiary undertakings are as follows:

Name of undertaking	Country	Code	Description of shares held	Proportion of nominal value of shares held
<b><i>Subsidiaries of Mayne Nickless (UK) Limited</i></b>				
Interlink Express plc	UK	(1)	Ordinary	100%
Armaguard Limited	UK	(2)	Ordinary	100%
Security Express Alarms Limited	UK	(2)	Ordinary	100%
Security Express Limited	UK	(2)	Ordinary	100%
Parceline Limited	UK	(2)	Ordinary	100%
DPE International Limited	UK	(3)	Ordinary	100%
Security Express Guards Limited	UK	(2)	Ordinary	100%
Cash-in-Transit Limited	UK	(2)	Ordinary	100%
Direct Parcel Distribution (UK) Limited	UK	(3)	Ordinary	100%
Mayne Nickless Italia SRL (in liquidation)	Italy	(4)	Ordinary	100%
Bergaglio Trasporti SRL (in liquidation)	Italy	(4)	Ordinary	100%
<b><i>Subsidiaries of Interlink Express plc</i></b>				
Interlink Express Parcels Limited	UK	(3)	Ordinary	100%
<b><i>Subsidiaries of Interlink Express Parcels Limited</i></b>				
Interlink Ireland Limited	Ireland	(3)	Ordinary	100%
			Redeemable Preference	100%

All companies incorporated in the UK are registered in England and Wales.

The numbers in brackets relate to the following business types:

- (1) Sub-holding company
- (2) Dormant
- (3) Transport related services including parcel distribution and logistics management
- (4) Non trading company.



## Notes (continued)

### 12 Interest in partnership undertaking

The company has a 99% interest in VOF Mayne Nickless SNC, a partnership undertaking carrying on business in Belgium. The remaining 1% interest in the undertaking is held by Mayne Nickless European Holdings Limited, a fellow subsidiary of Mayne Nickless Europe plc. These two companies are the participants in the partnership undertaking. On 8 August 1997 VOF Mayne Nickless SNC ceased active trading activity in Belgium. At 4 July 1999 VOF Mayne Nickless SNC had net assets of £264,000 (1998: £832,000 liabilities).

#### *Investment in partnership undertaking*

	1999 £000	1998 £000
Balance at 6 July	-	9,510
Additions	-	879
Building works indemnity / contribution to make good costs	1,238	-
Capital repayment	-	(3,329)
Share of partnership losses	(114)	(5,828)
Write down of investment	(860)	(1,232)
<b>Balance at 5 July</b>	<b>264</b>	<b>-</b>

### 13 Stocks

	1999 £000	1998 £000
Raw materials and consumables	235	269

### 14 Debtors

	1999 £000	1998 £000
<i>Amounts falling due within one year:</i>		
Trade debtors	16,537	12,397
Amounts due from group undertakings	23,191	34,162
Other debtors	112	-
Prepayments and accrued income	5,134	5,237
	<b>44,974</b>	<b>51,796</b>
<i>Amounts falling due after more than one year:</i>		
Other debtors	200	231
	<b>45,174</b>	<b>52,027</b>

## Notes (continued)

### 15 Creditors: amounts falling due within one year

	1999 £000	1998 £000
Trade creditors	13,154	9,188
Amounts due to group undertakings	40,636	71,262
Other creditors including taxation and social security (see below)	8,145	10,668
Accruals and deferred income	1,738	2,134
	<u>63,673</u>	<u>93,252</u>
<i>Other creditors including taxation and social security comprise:</i>		
Other taxes and social security	2,442	2,587
Other	5,703	8,081
	<u>8,145</u>	<u>10,668</u>

### 16 Creditors: amounts falling due after more than one year

	1999 £000	1998 £000
Amounts due to group undertakings	90,083	90,083
Accruals and deferred income	168	327
Provision for liabilities of partnership undertaking	-	832
	<u>90,251</u>	<u>91,242</u>

### 17 Provision for liabilities and charges - deferred taxation asset

The movement in deferred taxation asset is as follows:

	1999 £000	1998 £000
Opening balance	715	986
Charge for the period in the profit and loss account	(586)	(271)
Charge for prior periods	(45)	-
	<u>84</u>	<u>715</u>

The potential assets for deferred taxation of the company and the provisions made are set out below:

	1999 £000	1998 £000
Fixed asset timing differences	362	715
Other timing differences	(278)	-
	<u>84</u>	<u>715</u>

No provision for deferred tax has been made on revaluations of fixed assets as it is not the intention of the company to dispose of any such assets in the foreseeable future.

There are no further unprovided liabilities for deferred taxation.

## Notes (continued)

### 18 Share capital

	1999 £000	1998 £000
Ordinary shares of £1 each: 100,000,000 - Authorised	100,000	100,000
	<u>          </u>	<u>          </u>
39,744,536 - Issued and fully paid	39,745	39,745
	<u>          </u>	<u>          </u>

### 19 Reserves

	Profit and loss account £000	Share premium £000	Revaluation reserve £000
At 6 July 1998	(51,803)	119	973
Profit for the period	21,426	-	-
Asset revaluation	-	-	849
Reserve transfer	709	-	(709)
	<u>          </u>	<u>          </u>	<u>          </u>
At 4 July 1999	(29,668)	119	1,113
	<u>          </u>	<u>          </u>	<u>          </u>

### 20 Reconciliation of movements in shareholders' funds

	1999 £000	1998 £000
Profit/(loss) for the financial period	21,426	(21,721)
Asset revaluation	849	-
	<u>          </u>	<u>          </u>
Net addition to/(reduction in) shareholders' funds	22,275	(21,721)
Opening shareholders funds	(10,966)	10,755
	<u>          </u>	<u>          </u>
Closing shareholders' funds	11,309	(10,966)
	<u>          </u>	<u>          </u>

### 21 Capital commitments

There were no capital commitments for contracted or authorised expenditure as at 4 July 1999 (1998: £nil).

### 22 Pension schemes

The defined benefit scheme is contributory and provides members with a defined benefits pension on retirement. The last actuarial valuation of the scheme showed it was adequately funded. Further details are given in note 1 to the financial statements.

### 23 Contingent liabilities

The company is contingently liable in respect of guarantees given under property leases for subsidiary undertakings.

## Notes (continued)

### 24 Operating lease commitments

The company had the following annual commitments under operating leases:

	1999		1998	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
<i>Leases which expire:</i>				
Within one year	65	554	59	973
Within two to five years	238	3,896	246	4,078
After five years	2,877	135	2,940	128
	<u>3,180</u>	<u>4,585</u>	<u>3,245</u>	<u>5,179</u>

The company had no other capital commitments at the period end.

### 26 Ultimate parent undertaking and parent undertaking of larger group of which the company is a member

The company is wholly owned by Mayne Nickless Europe plc, a company incorporated in Great Britain.

The largest group in which the results of the company are consolidated is that headed by Mayne Nickless Limited, incorporated in Australia. The smallest group in which they are consolidated is that headed by Mayne International BV, a company incorporated in The Netherlands. The consolidated financial statements of these groups are available to the public and may be obtained from the registered offices as follows:

Mayne Nickless Limited: 390 St Kilda Road  
Melbourne  
Victoria 3001  
Australia

Mayne International BV: Beemdstraat 1  
5653 MA Eindhoven  
The Netherlands

### 27 Related party transactions

As the company is a wholly owned subsidiary advantage has been taken of the exemption contained in Financial Reporting Standard Number 8, thus transactions or balances with entities forming part of the group have not been disclosed.