

Company No: 1126497

NETWORK PLANT LIMITED
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2002



Network Plant Limited

Directors

P A Cleaver BSc CEng MICE
D S Hurcomb BSc ACA
B S Pow MA ACMA
P J Scannell BSc FCA
S J Waite FRICS MCIOB

Secretary and Registered Office

R Cordeschi ACIS
Roman House, 13/27 Grant Road, Croydon, Surrey, CR9 6BU

Auditors

Moore Stephens
Chartered Accountants
St Paul's House, Warwick Lane, London, EC4P 4BN

Report of the directors

The directors submit their report and the audited financial statements for the year ended 31 December 2002.

Review of activities

The company's principal activities are plant hire and the maintenance and repair of plant, tools and vehicles.

Results and dividends

The profit for the year after taxation amounted to £311,593 (2001: £374,931). The surplus of £137,593 (2001: £90,931) after deduction of the dividend for the year of £174,000 (2001: £284,000) has been transferred to reserves.

Directors

The directors holding office at the date of this report are shown above. Sir John Wickerson resigned as a director on 4 April 2002. Mr R C Gardner resigned as a director on 13 February 2003.

Directors' interests in the group

Mr P A Cleaver, Mr P J Scannell, Mr D S Hurcomb and Mr S J Waite were, at 31 December 2002, directors of the parent company, MANSELL plc, and their interests in the group, as defined by the Companies Act 1985, are set out in the directors' report attached to the financial statements of that company for the year ended 31 December 2002.

The interests of the other directors who held office at the end of the year in the share capital of MANSELL plc, the ultimate parent company, were as follows:

Shares

| | Ordinary Shares of 25p each | |
|-------------|-----------------------------|------------------|
| | 1 January 2002 | 31 December 2002 |
| R C Gardner | 39,500 | 39,500 |
| B S Pow | - | - |

Network Plant Limited

Directors' interests in the group (continued)

Share Options over MANSELL plc ordinary shares of 25 pence each

| Director | Scheme | 1.1.02 | Granted during year | Exercised during year | 31.12.02 | Exercise price | Dates normally exercisable |
|-------------|---------|--------|---------------------|-----------------------|----------|----------------|----------------------------|
| R C Gardner | Company | 25,000 | - | - | 25,000 | 32p | 28.6.99-28.6.06 |
| | Company | - | 10,000 | - | 10,000 | 145p | 16.5.05-16.5.12 |
| B S Pow | Company | - | 5,000 | - | 5,000 | 145p | 16.5.05-16.5.12 |

The directors had no beneficial interest in the shares of the company as it is a wholly owned subsidiary undertaking of MANSELL plc.

Statement of directors' responsibilities

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 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, subject to any material departures disclosed and explained in the financial statements;
- 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.

The "Elective Regime"

At the Annual General Meeting held on 24 November 1999, the company adopted a resolution under the terms of Section 379A, Companies Act 1985 (as amended), to take advantage of the full range of procedural relaxations permitted by that provision. Accordingly, no Annual General Meeting is to be held and the accounts will not be laid before the members.

Auditors

The auditors, Moore Stephens, have indicated their willingness to continue in office.

By Order of the Board



R Cordeschi
Company Secretary

3 April 2003

Network Plant Limited

Independent Auditors' Report to the Shareholders of Network Plant Limited

We have audited the financial statements of Network Plant Limited for the year ended 31 December 2002 set out on pages 5 to 16. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's 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 law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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 with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

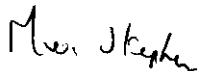
Basis of audit opinion

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Moore Stephens
Chartered Accountants and Registered Auditors

3 April 2003

Network Plant Limited
Profit and loss account
for the year ended 31 December 2002

| | <u>Note</u> | <u>2002</u> £ | <u>2001</u> £ |
|--|-------------|------------------|------------------|
| Turnover | 1(b) | 8,384,248 | 8,153,375 |
| Cost of sales | | (4,569,533) | (4,342,082) |
| Gross profit | | 3,814,715 | 3,811,293 |
| Administrative expenses | 2 | (3,239,715) | (2,893,914) |
| Operating profit | 3 | 575,000 | 917,379 |
| Net interest | 5 | (140,183) | (207,356) |
| Amounts written off investments | 9 | - | (188,131) |
| Profit on ordinary activities before taxation | | 434,817 | 521,892 |
| Taxation | 6 | (123,224) | (146,961) |
| Profit on ordinary activities after taxation | | 311,593 | 374,931 |
| Dividends | 7 | (174,000) | (284,000) |
| Retained profit | 15 | £ 137,593 | £ 90,931 |

During 2001 and 2002 the results were derived wholly from continuing operations.

Statement of total recognised gains and losses

| | <u>2002</u> £ | <u>2001</u> £ |
|---|------------------|------------------|
| Profit on ordinary activities after taxation | 311,593 | 374,931 |
| Prior year adjustment | - | (201,454) |
| Total gains and losses recognised since last annual report | £ 311,593 | £ 173,477 |

Network Plant Limited

Balance sheet at 31 December 2002

| | | <u>2002</u> £ | <u>2001</u> £ |
|---|----|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 8 | 5,423,967 | 5,861,619 |
| Investment | 9 | 752,497 | 752,497 |
| | | <hr/> | <hr/> |
| | | 6,176,464 | 6,614,116 |
| | | <hr/> | <hr/> |
| Current assets | | | |
| Stocks | 10 | 213,787 | 181,731 |
| Debtors due within one year | 11 | 1,794,327 | 1,748,971 |
| Cash and cash deposits | | 630,845 | 441,407 |
| | | <hr/> | <hr/> |
| | | 2,638,959 | 2,372,109 |
| | | <hr/> | <hr/> |
| Creditors: amounts falling due within one year | 12 | (7,056,605) | (7,385,547) |
| | | <hr/> | <hr/> |
| Net current liabilities | | (4,417,646) | (5,013,438) |
| | | <hr/> | <hr/> |
| Total assets less current liabilities | | 1,758,818 | 1,600,678 |
| Provisions for liabilities and charges | 13 | (607,517) | (586,970) |
| | | <hr/> | <hr/> |
| | | £ 1,151,301 | £ 1,013,708 |
| | | <hr/> | <hr/> |
| Capital and reserves | | | |
| Called up share capital | 14 | 225,000 | 225,000 |
| Profit and loss account | 15 | 926,301 | 788,708 |
| | | <hr/> | <hr/> |
| Equity shareholders' funds | 16 | £ 1,151,301 | £ 1,013,708 |
| | | <hr/> | <hr/> |

The financial statements on pages 5 to 16 were approved by the board of directors on 3 April 2003



P J Scannell
Director

Network Plant Limited

Notes to the financial statements

1. Principal accounting policies

(a) Basis of accounting

- (i) The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. Consolidated accounts are not prepared as the company is itself part of a larger group, MANSELL plc, which publishes consolidated accounts.
- (ii) Despite the existence of a deficiency on net current assets the directors consider that the accounts should be prepared on a going concern basis, as at 31 December 2002, £5,833,458 of creditor balances were due to group companies which have agreed not to call the balance for payment until permitted by the resources of the company.

(b) Turnover

Turnover is the invoiced value of sales excluding VAT.

(c) Depreciation

Long leasehold properties are amortised by equal instalments over the term of the lease.

The cost of fixed assets is depreciated by equal annual instalments over their expected lives of between four and twelve years.

(d) Deferred taxation

Full provision for deferred taxation is made in accordance with Financial Reporting Standard 19 (Deferred Tax).

(e) Stocks

Stocks are stated at the lower of cost or net realisable value.

(f) Pension

Pension costs are charged to the profit and loss account on a systematic basis over the periods benefiting from the employee's services.

(g) Valuation of investments

Fixed asset investments are recorded at cost less provisions for diminution in value.

(h) Cash flow statement

The company is a wholly owned subsidiary of MANSELL plc and is included in the consolidated financial statements of MANSELL plc, which are publicly available. The company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised).

2. Administrative expenses

Included in administrative expenses in 2001 are exceptional items totalling £24,196 related to costs incurred as a result of the collapse of the Independent Insurance Company, the company's main insurers, which went into liquidation in 2001.

Network Plant Limited
Notes to the financial statements

3. Operating profit

Operating profit is stated after charging/(crediting):

| | <u>2002</u> £ | <u>2001</u> £ |
|---|------------------|------------------|
| Depreciation of tangible fixed assets | 1,183,762 | 1,118,222 |
| Profit on disposal of fixed assets | (121,882) | (173,646) |
| Charges under operating leases - property | 254,029 | 237,148 |
| - motor vehicles | 69,210 | 53,224 |

Audit fees are paid by the parent company.

4. Directors and employees

| | <u>2002</u> £ | <u>2001</u> £ |
|---|--------------------|--------------------|
| Staff costs during the year were as follows: | | |
| Staff costs | 2,099,470 | 1,982,366 |
| Social security costs | 176,618 | 174,758 |
| Other pension costs - defined benefit arrangement | 105,091 | 76,581 |
| | <u>£ 2,381,179</u> | <u>£ 2,233,705</u> |

The average number of staff employed during the year was:

| | <u>2002</u> number | <u>2001</u> number |
|----------------|-----------------------|-----------------------|
| Operational | 88 | 86 |
| Administrative | 10 | 9 |
| | <u>98</u> | <u>95</u> |

Staff costs include the following emoluments in respect of the qualifying services of the directors of the company:

| | <u>2002</u> £ | <u>2001</u> £ |
|-------------------------|------------------|------------------|
| For management services | £ 161,625 | £ 148,849 |

Retirement benefits are accruing to five (2001: six) directors under a defined benefits scheme.

5. Net interest

| | <u>2002</u> £ | <u>2001</u> £ |
|---------------------------------|------------------|------------------|
| Interest payable on group loans | 154,299 | 231,768 |
| Bank interest receivable | (14,116) | (24,412) |
| | <u>£ 140,183</u> | <u>£ 207,356</u> |

Network Plant Limited

Notes to the financial statements

| | | | | |
|----|---|-----------|-------------|-------------|
| 6. | Taxation | | <u>2002</u> | <u>2001</u> |
| | | | £ | £ |
| | United Kingdom corporation tax on the profits for the year as adjusted for taxation purposes at a rate of 30.0% (2001: 30.0%) | | 112,580 | 113,396 |
| | Deferred tax charge | | 20,547 | 106,271 |
| | Overprovision in prior years: Corporation tax | | (9,903) | (72,706) |
| | | | <hr/> | <hr/> |
| | | | £ 123,224 | £ 146,961 |
| | | | <hr/> | <hr/> |
| | Tax Reconciliation | | <u>2002</u> | <u>2001</u> |
| | Average United Kingdom Corporation Tax | | 30% | 30% |
| | Adjustment in respect of prior year | | (2%) | (14%) |
| | Write off of investment | | - | 11% |
| | Expenses not deductible for tax purposes | | 1% | (1%) |
| | | | <hr/> | <hr/> |
| | Effective current tax rate on profit on ordinary activities before tax | | 29% | 28% |
| | | | <hr/> | <hr/> |
| 7. | Dividends | | <u>2002</u> | <u>2001</u> |
| | | | Total | Total |
| | | Pence | £ | £ |
| | | per share | | per share |
| | Paid | 27.56 | 62,000 | 57.33 |
| | Payable | 49.77 | 112,000 | 68.89 |
| | | <hr/> | <hr/> | <hr/> |
| | | 77.33 | £ 174,000 | 129,000 |
| | | <hr/> | <hr/> | 155,000 |
| | | | <hr/> | <hr/> |
| | | | 126.22 | £284,000 |
| | | | <hr/> | <hr/> |
| 8. | Tangible fixed assets | | | £ |
| | | | | |
| | Cost: | | | |
| | At 1 January 2002 | | | 10,283,242 |
| | Additions | | | 1,378,267 |
| | Disposals | | | (1,244,339) |
| | Transferred to group companies | | | (21,826) |
| | | | | <hr/> |
| | At 31 December 2002 | | | 10,395,344 |
| | | | | <hr/> |
| | Depreciation: | | | |
| | At 1 January 2002 | | | 4,421,623 |
| | Charge for year | | | 1,183,762 |
| | Eliminated on disposals | | | (627,642) |
| | Transfers from group companies | | | (6,366) |
| | | | | <hr/> |
| | At 31 December 2002 | | | 4,971,377 |
| | | | | <hr/> |

Network Plant Limited

Notes to the financial statements

| | | |
|--|-------------|-------------|
| 8. Tangible fixed assets (continued) | | £ |
| Net book value: | | |
| At 31 December 2002 | | £ 5,423,967 |
| At 31 December 2001 | | £ 5,861,619 |
| Tangible fixed assets comprise plant and equipment. | | |
| 9. Fixed asset investment | <u>2002</u> | <u>2001</u> |
| | £ | £ |
| At 1 January | 752,497 | 940,628 |
| Amounts written off | - | (188,131) |
| At 31 December | £ 752,497 | £ 752,497 |
| Fixed asset investment represents the cost of 100% of the ordinary share capital of Network Plant (Midlands) Limited which is registered in England. The trade of Network Plant (Midlands) Limited was transferred to Network Plant Limited in 2001. | | |
| 10. Stocks | <u>2002</u> | <u>2001</u> |
| | £ | £ |
| Raw materials and consumables | £ 213,787 | £ 181,731 |
| 11. Debtors | <u>2002</u> | <u>2001</u> |
| | £ | £ |
| Due within one year: | | |
| Trade debtors | 1,240,723 | 1,285,336 |
| Owed by group undertakings | 474,679 | 424,839 |
| Other debtors | 48,273 | 16,159 |
| Prepayments and accrued income | 30,652 | 22,637 |
| | £ 1,794,327 | £ 1,748,971 |
| 12. Creditors: amounts falling due within one year | <u>2002</u> | <u>2001</u> |
| | £ | £ |
| Trade creditors | 564,108 | 978,775 |
| Dividends payable | 112,000 | 155,000 |
| Corporation tax | 98,580 | - |
| Other taxation and social security | 3,264 | 21,763 |
| Owed to group undertakings | 5,833,458 | 5,868,408 |
| Other creditors | 91,409 | 134,523 |
| Accruals and deferred income | 353,786 | 227,078 |
| | £ 7,056,605 | £ 7,385,547 |

Network Plant Limited

Notes to the financial statements

| | | |
|---|------------------|------------------|
| 13. Provisions for liabilities and charges | <u>2002</u> £ | <u>2001</u> £ |
| Deferred taxation; provided on short term timing difference | | |
| At 1 January | 586,970 | 480,699 |
| Amount provided in the year | 20,547 | 106,271 |
| | <hr/> | <hr/> |
| At 31 December | £ 607,517 | £ 586,970 |
| | <hr/> | <hr/> |
| 14. Called up share capital | <u>2002</u> £ | <u>2001</u> £ |
| Ordinary shares of £1 each: | | |
| Authorised | £ 500,000 | £ 500,000 |
| | <hr/> | <hr/> |
| Allotted, called up and fully paid | £ 225,000 | £ 225,000 |
| | <hr/> | <hr/> |
| All shares rank equally in respect of all shareholder rights. | | |
| 15. Profit and loss account | <u>2002</u> £ | <u>2001</u> £ |
| At 1 January | 788,708 | 697,777 |
| Retained profit for the year | 137,593 | 90,931 |
| | <hr/> | <hr/> |
| At 31 December | £ 926,301 | £ 788,708 |
| | <hr/> | <hr/> |
| 16. Equity shareholders' funds | <u>2002</u> £ | <u>2001</u> £ |
| Profit for the financial year | 311,593 | 374,931 |
| Dividend | (174,000) | (284,000) |
| | <hr/> | <hr/> |
| Net movement on shareholders' funds | 137,593 | 90,931 |
| Opening equity shareholders' funds | 1,013,708 | 922,777 |
| | <hr/> | <hr/> |
| Closing equity shareholders' funds | £ 1,151,301 | £ 1,013,708 |
| | <hr/> | <hr/> |

Network Plant Limited

Notes to the financial statements

17. Commitments under operating leases

At 31 December 2002 the company was committed to making the following payments during the next year in respect of operating leases:

| | <u>2002</u> | | <u>2001</u> | |
|----------------------------|-----------------|----------------------------|-----------------|----------------------------|
| | <u>Property</u> | <u>Plant and machinery</u> | <u>Property</u> | <u>Plant and machinery</u> |
| Operating leases expiring: | | | | |
| Within one year | 25,600 | 5,310 | 39,750 | 54,804 |
| Within two to five years | 128,900 | 51,139 | 53,000 | 137,552 |
| After five years | - | - | 88,000 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | £ 154,500 | £ 56,449 | £ 180,750 | £ 192,356 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

18. Contingent liabilities

The company has a contingent liability in respect of guarantees given to support performance bonds and borrowings of its ultimate parent company, fellow subsidiaries and subsidiary undertakings amounting to £31.4 million (2001: £32.3 million).

19. Related Party Transactions

The company has taken advantage of the exemptions provided by Financial Reporting Standard 8 (Related Party Disclosures) in not disclosing transactions with other group companies where there is a common ownership interest of 90%.

20. Ultimate parent undertaking

The company is a wholly owned subsidiary of MANSELL plc, which is incorporated in Great Britain. Copies of the group accounts may be obtained from the Company Secretary, MANSELL plc, Roman House, Grant Road, Croydon CR9 6BU.

21. Pension arrangements

Network Plant Limited participates in the MANSELL plc group pension schemes. It is not possible to separate the pension schemes' assets and liabilities relating to this subsidiary, nor is it practical to separate the employees into each plan, the overall group note is therefore included in the financial statements of each subsidiary.

The total number of employees included in the schemes of MANSELL plc is 1,005 and in respect of Network Plant Limited the number of employees is 20.

The group operates two funded defined benefit schemes in the UK, known as the MANSELL plc Pension Scheme and the Hall & Tawse Retirement Benefit Plan. The assets of the schemes are held separately from those of the group in independently administered funds.

In accordance with the Pensions Act 1995, full independent actuarial valuations of the group's defined benefit schemes are carried out every three years.

The pension cost figures used in these accounts comply with the current pension cost accounting standard, Statement of Standard Accounting Practice 24 ("SSAP 24"). A new pension cost accounting standard, Financial Reporting Standard 17 ("FRS 17"), must be used for the figures that will be shown in the accounts at 31 December 2005 and subsequent years. Under transitional arrangements, the company is required to disclose additional information about the schemes and the figures that would have been shown under FRS 17 in this year's balance sheet and profit and loss account. This additional information is given in separate paragraphs below.

The MANSELL plc scheme was closed to new members from 31 December 2001, and the Hall & Tawse plan has been closed to new members since 1 July 1998.

Network Plant Limited

Notes to the financial statements

21. Pension arrangements (continued)

Under the projected unit method, the current service cost of the closed schemes is expected to increase as the average age of the employed members increases.

MANSELL plc Pension Scheme – SSAP 24 information

The most recent independent actuarial valuation of the scheme was carried out at 31 July 2002 and used the projected unit method. The key financial assumptions adopted were:

| | |
|--|------------|
| Investment return before retirement | 6.9% p.a. |
| Investment return after retirement | 5.15% p.a. |
| Rate of increase in pensionable earnings | 4.0% p.a. |
| Rate of increase in pensions in payment | |
| Pension accrued before 6 April 1997 | 3.0% p.a. |
| Pension accrued after 5 April 1997 | 3.4% p.a. |
| Price inflation | 2.5% p.a. |

The valuation showed that the market value of the scheme's assets was £27.8 million and that the market value of those assets represented 65% of the benefits that had accrued to members on an ongoing funding basis.

At 31 July 2002 under the MFR basis, the scheme's assets represented 93% of the benefits that had accrued to members. At 31 December 2002, the scheme's assets were estimated to be 89% of the benefits that had accrued to members on the MFR basis.

In accordance with actuarial advice, the company increased its contributions from 11% to 13% of pensionable earnings on 1 January 2002 and from 13% to 21.6% of pensionable earnings on 1 March 2003.

Employee contributions were increased by 1% with effect from 1 March 2002.

The group pension charge for the year ended 31 December 2002 was £3,176,000 (2001: £2,145,000). A provision of £250,000 (2001: £nil) is included in provisions for liabilities and charges in the parent company accounts, this being the excess of the accumulated pension cost over the amount funded, in accordance with Statement of Standard Accounting Practice 24.

Hall & Tawse Retirement Benefit Plan – SSAP 24 information

The most recent independent actuarial valuation of the plan was carried out at 31 March 2002 and used the projected unit method. The key financial assumptions adopted were:

| | |
|--|-----------|
| Investment returns | 6.0% p.a. |
| General pensionable earnings increases | 4.0% p.a. |
| Pension increases | 2.5% p.a. |
| Price inflation | 2.5% p.a. |

The valuation showed that the market value of the plan's assets was £87.0 million and that the market value of those assets represented approximately 97% of the benefits that had accrued to members on an ongoing funding basis.

At 31 March 2002 under the MFR basis the plan's assets represented 104% of the benefits that had accrued to members. At 31 December 2002 the scheme's assets were estimated to be 87% of the benefits that had accrued to members on the MFR basis.

In accordance with actuarial advice, the company increased its contribution to 15% of pensionable earnings from 10.9% with effect from 1 February 2002 and to 19.9% of pensionable earnings from 15% on 1 September 2002.

Employee contributions were increased by 1% with effect from 1 March 2002.

The group pension charge for the year ended 31 December 2002 was £1,344,000 (2001: £1,022,000).

Network Plant Limited

Notes to the financial statements

21. Pension arrangements (continued)

MANSELL plc Pension Scheme - FRS 17 additional information

The most recent actuarial valuation for the MANSELL plc Pension Scheme was carried out at 31 July 2002. This valuation has been updated to 31 December 2002 by a qualified independent actuary. The financial assumptions used by the actuary to calculate the scheme's liabilities were:

| | At 31 December 2002 | At 31 December 2001 |
|--|---------------------------|---------------------------|
| Rate of increase in pensionable earnings | 3.75% | 3.75% |
| Rate of increase in deferred pensions during deferment | 2.25% | 2.25% |
| Rate of increase in pensions in payment | | |
| Pension accrued before 6 April 1997 | 3.00% | 3.00% |
| Pension accrued after 5 April 1997 | 3.40% | 3.40% |
| Discount rate | 5.60% | 6.00% |
| Price inflation | 2.25% | 2.25% |

At 31 December 2002 the assets in the scheme and the expected rates of return (net of expenses) were:

| | 2002 | | 2001 | |
|-------------------------------------|---|----------------|---|----------------|
| | Expected long term rate of return | Value £'000 | Expected long term rate of return | Value £'000 |
| Equities | 7.80% | 21,177 | 7.0% | 23,863 |
| Bonds | 4.20% | 5,922 | 4.6% | 5,760 |
| Other | 3.25% | 474 | 3.5% | 105 |
| Total market value of assets | | 27,573 | | 29,728 |
| Present value of scheme liabilities | | (46,877) | | (38,224) |
| Deficit in the scheme | | (19,304) | | (8,496) |
| Related deferred tax asset | | 5,791 | | 2,549 |
| Net pension liability | | (13,513) | | (5,947) |

Hall & Tawse Retirement Benefit Plan - FRS 17 additional information

The most recent actuarial valuation for the Hall & Tawse Retirement Benefit Plan was carried out at 31 March 2002. This valuation has been updated to 31 December 2002 by a qualified independent actuary. The financial assumptions used by the actuary to calculate the scheme's liabilities were:

| | At 31 December 2002 | At 31 December 2001 |
|--|---------------------------|---------------------------|
| Rate of increase in pensionable earnings | 3.75% | 3.75% |
| Rate of increase in deferred pensions during deferment | 2.25% | 2.25% |
| Rate of increase in pensions in payment | 2.25% | 2.25% |
| Discount rate | 5.60% | 6.00% |
| Price inflation | 2.25% | 2.25% |

Network Plant Limited

Notes to the financial statements

21. Pension arrangements (continued)

At 31 December 2002 the assets in the scheme and the expected rates of return (net of expenses) were:

| | <u>2002</u> | | <u>2001</u> | |
|-------------------------------------|---------------|-----------------|---------------|-----------------|
| | Expected long | Value | Expected long | Value |
| | term rate of | £'000 | term rate of | £'000 |
| | return | | return | |
| Equities | 8.0% | 44,920 | 7.5% | 51,400 |
| Bonds | 4.6% | 27,410 | 5.1% | 33,150 |
| Other | 3.5% | 1,400 | 5.0% | 1,550 |
| Total market value of assets | | <u>73,730</u> | | <u>86,100</u> |
| Present value of scheme liabilities | | <u>(93,700)</u> | | <u>(89,300)</u> |
| Deficit in the scheme | | <u>(19,970)</u> | | <u>(3,200)</u> |
| Related deferred tax asset | | 5,991 | | 960 |
| Net pension liability | | <u>(13,979)</u> | | <u>(2,240)</u> |

Additional FRS17 disclosures

The following disclosures show the effects upon the balance sheet and profit and loss account that would arise if the requirements of FRS17 were recognised in the financial statements.

| | <u>2002</u> | | <u>2001</u> | |
|--|-------------|-----------------|-------------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Net assets | | | | |
| Net assets excluding pension liability | | 20,046 | | 18,843 |
| Pension liabilities: | | | | |
| MANSELL plc Pension Scheme | (13,513) | | (5,947) | |
| Hall & Tawse Retirement Benefit Plan | (13,979) | | (2,240) | |
| | | <u>(27,492)</u> | | <u>(8,187)</u> |
| Net (liabilities) / assets including pension liability | | <u>(7,446)</u> | | <u>10,656</u> |
| Profit and loss reserve | | | | |
| Profit and loss reserve excluding pension liability | | 2,780 | | 3,550 |
| Pension liabilities: | | | | |
| MANSELL plc Pension Scheme | (13,513) | | (5,947) | |
| Hall & Tawse Retirement Benefit Plan | (13,979) | | (2,240) | |
| | | <u>(27,492)</u> | | <u>(8,187)</u> |
| Profit and loss deficit including pension liability | | <u>(24,712)</u> | | <u>(4,637)</u> |

Analysis of the amount charged to operating profit

| | MANSELL plc Pension Scheme £'000 | Hall & Tawse Retirement Benefit Plan £'000 |
|--------------------------|--|---|
| Year to 31 December 2002 | | |
| Service cost | 1,966 | 1,470 |
| Past service cost | 184 | - |
| | <u>2,150</u> | <u>1,470</u> |

Analysis of net return on pension scheme

| | MANSELL plc Pension Scheme £'000 | Hall & Tawse Retirement Benefit Plan £'000 |
|--|--|---|
| Year to 31 December 2002 | | |
| Expected return on pension scheme assets | 2,039 | 5,570 |
| Interest on pension liabilities | <u>(2,362)</u> | <u>(5,250)</u> |
| | <u>(323)</u> | <u>320</u> |

Network Plant Limited

Notes to the financial statements

21. Pension arrangements (continued)

Analysis of amount recognised in statement of total recognised gains and losses

| | MANSELL plc Pension Scheme £'000 | Hall & Tawse Retirement Benefit Plan £'000 |
|--|--|---|
| Year to 31 December 2002 | | |
| Actual return less expected return on assets | (7,264) | (15,444) |
| Experience (loss)/gain on liabilities | (137) | 3,880 |
| Changes in assumptions | (3,860) | (5,400) |
| | <u>(11,261)</u> | <u>(16,964)</u> |

Movement in deficit during the year

| | MANSELL plc Pension Scheme £'000 | Hall & Tawse Retirement Benefit Plan £'000 |
|--|--|---|
| Year to 31 December 2002 | | |
| Deficit in scheme at beginning of year | (8,496) | (3,200) |
| Movement in year: | | |
| Current service cost | (1,966) | (1,470) |
| Contributions | 2,926 | 1,344 |
| Past service costs | (184) | - |
| (Interest cost)/net return on assets | (323) | 320 |
| Actuarial loss | (11,261) | (16,964) |
| Deficit in scheme at end of year | <u>(19,304)</u> | <u>(19,970)</u> |

History of experience gains and losses

| | MANSELL plc Pension Scheme | Hall & Tawse Retirement Benefit Plan |
|--|-------------------------------|--|
| Year to 31 December 2002 | | |
| Difference between expected and actual return on scheme assets: | | |
| Amount (£'000) | (7,264) | (15,444) |
| Percentage of scheme assets | (26)% | (21)% |
| Experience gains and losses on scheme liabilities: | | |
| Amount (£'000) | (137) | 3,880 |
| Percentage of scheme liabilities | 0% | 4% |
| Total amount recognised in the statement of total recognised gains and losses: | | |
| Amount (£'000) | (11,261) | (16,964) |
| Percentage of scheme liabilities | (24)% | (18)% |