

**MANSELL MAINTENANCE SERVICES LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2001**



## **MANSELL Maintenance Services Limited**

### **Directors**

Sir John Wickerson LLB  
P A Cleaver BSc CEng MICE  
D S Hurcomb BSc ACA  
P J Scannell BSc FCA  
G M Reid  
D J O'Grady  
M Levack BSc MRICS  
K McHarg  
R Middlemore

### **Secretary and Registered Office**

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

### **Report of the directors**

The directors present their report and the audited financial statements for the year ended 31 December 2001.

#### **Review of activities**

The company's principal activities are construction, refurbishment, maintenance and painting of petrol stations, retail outlets and other industrial and commercial properties.

#### **Results and dividends**

The loss after taxation for the year was £1,059,904 (2000: profit £178,194). The directors do not propose the payment of a dividend for the year (2000: £102,900). The loss (2000: profit of £75,294) for the year has been transferred to reserves.

#### **Directors**

The directors holding office at the date of this report are shown above.

Mr M I Furze resigned as a director on 29 June 2001, Mr P H Coats resigned as a director on 6 September 2001 and Mr A R M Hall resigned as a director on 16 October 2001. Mr D S Hurcomb was appointed as a director on 4 January 2001. Mr P J Scannell was appointed as a director on 6 September 2001, Mr M Levack and Mr R Middlemore were appointed as directors on 1 January 2002. Sir John Wickerson will be resigning as a director on 4 April 2002.

#### **Directors' interests in the group**

Sir John Wickerson, Mr P A Cleaver, Mr D S Hurcomb and Mr P J Scannell were 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 2001.

At 31 December 2001, other directors had an interest in the ordinary shares of 25p each of MANSELL plc as follows:

	<u>2001</u>	<u>2000</u>
G M Reid	20,547	20,547
D J O'Grady	18,550	18,550

## MANSELL Maintenance Services Limited

### Directors' interests in the group (continued)

Options over ordinary shares of 25p each have been granted to directors in accordance with and subject to the rules of the MANSELL Company Share Option Scheme:

	At 1.01.01	Exercised during the year	At 31.12.01	Exercise price	Dates normally exercisable
MANSELL Company Share Option Scheme:					
D J O'Grady	25,000	-	25,000	32p	28.06.99 to 28.06.06

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

### Employees

It is company policy to provide equal employment opportunities without regard to race, religion, sex, national origin, disability or age.

We have continued our policy of consulting staff and keeping them informed of significant events and trends through meetings and circulation of the group newsletter MANSELL NEWS.

## **MANSELL Maintenance Services Limited**

### **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.

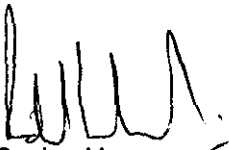
#### **The "Elective regime"**

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 relaxation's permitted by that provision. Accordingly, no Annual General Meeting is to be held and the accounts will not be laid before members.

#### **Auditors**

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

By Order of the Board



R Cordeschi  
Company Secretary

4 April 2002

## **MANSELL Maintenance Services Limited**

### **Independent Auditors' Report to the Shareholders of MANSELL Maintenance Services Limited**

We have audited the financial statements of MANSELL Maintenance Services Limited for the year ended 31 December 2001 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.

#### **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.

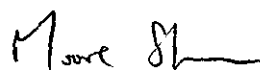
#### **Basis of audit opinion**

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 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 the company's affairs as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Moore Stephens**

Chartered Accountants and Registered Auditors

4 April 2002

**MANSELL Maintenance Services Limited**

**Profit and loss account  
For the year ended 31 December 2001**

	<u>Note</u>	<u>Before exceptional items</u>	<u>Exceptional items (note 2)</u>	<u>2001</u>	<u>2000</u>
Turnover	1(b)	24,517,433	-	24,517,433	20,030,329
Cost of sales		(23,167,648)	-	(23,167,648)	(17,804,587)
		<hr/> 1,349,785	<hr/> -	<hr/> 1,349,785	<hr/> 2,225,742
Administrative expenses		(2,428,341)	(130,000)	(2,558,341)	(1,842,972)
<b>Operating (loss)/profit</b>	3	<hr/> (1,078,556)	<hr/> (130,000)	<hr/> (1,208,556)	<hr/> 382,770
Net interest	5			<hr/> (176,042)	<hr/> (126,376)
<b>(Loss)/profit on ordinary activities before taxation</b>				<hr/> (1,384,598)	<hr/> 256,394
Taxation	6			<hr/> 324,694	<hr/> (78,200)
<b>(Loss)/profit on ordinary activities after taxation</b>				<hr/> (1,059,904)	<hr/> 178,194
Dividends	7			<hr/> -	<hr/> (102,900)
<b>Retained (loss)/profit</b>	16			<hr/> <hr/> £(1,059,904)	<hr/> <hr/> £ 75,294

During 2000 and 2001 the results were derived wholly from continuing activities.

The company has no recognised gains or losses other than the loss for the year shown above and therefore no separate statement of total recognised gains and losses have been presented.

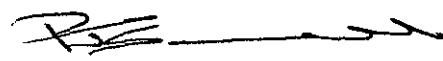
**MANSELL Maintenance Services Limited**

**Balance sheet at 31 December 2001**

	<u>Note</u>	<u>2001</u>	<u>2000</u>
<b>Fixed assets</b>			
Tangible assets	8	1,412,768	167,582
Investments	9	81,874	81,874
		<hr/>	<hr/>
		1,494,642	249,456
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	10	179,754	124,603
Debtors due within one year	11	14,061,892	10,702,438
		<hr/>	<hr/>
		14,241,646	10,827,041
<b>Creditors: amounts falling due within one year</b>	12	(15,138,867)	(9,491,203)
<b>Provisions for liabilities and charges</b>	13	(72,031)	-
		<hr/>	<hr/>
<b>Net current (liabilities)/assets</b>		(969,252)	1,335,838
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		525,390	1,585,294
<b>Creditors: amounts falling due after more than one year</b>	14	(1,500,000)	(1,500,000)
		<hr/>	<hr/>
		£ (974,610)	£ 85,294
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	15	10,000	10,000
Profit and loss account (deficit)	16	(984,610)	75,294
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	17	£ (974,610)	£ 85,294
		<hr/>	<hr/>

The financial statements on pages 5 to 16 were approved by the board of directors on 4 April 2002

D S Hurcomb  
Director

  
P J Scannell  
Director

# **MANSELL Maintenance Services 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.
- (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 2001, £10,477,519 of creditors 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 represents the individual value of sales within the United Kingdom during the year, excluding Value Added Tax.

#### **(c) Recognition of contract profit**

Profit on long term contracts is recognised over the life of each contract in proportion to the value of work carried out, but only to the extent that the total eventual profit on the contract can be foreseen with reasonable certainty. Losses are provided for as soon as foreseen.

#### **(d) Depreciation**

Long leasehold properties are amortised by equal instalments over the term of each lease. The cost of other fixed assets is depreciated by equal instalments over their expected lives of between four and ten years.

#### **(e) Stocks**

Stock and work in progress are valued at the lower of cost or net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

#### **(f) Deferred taxation**

Timing differences are provided in full to comply with Financial Reporting Standard 19.

#### **(g) Leases**

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease. Assets held under finance leases are included in fixed assets and the capital element of the commitment is shown under creditors.

#### **(h) Pensions**

The company operates a defined contribution pension scheme. Contributions payable for the year are charged to the profit and loss account.

#### **(i) Cash flow statements**

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).



**MANSELL Maintenance Services Limited**

**Notes to the financial statements**

<b>2. Exceptional items</b>	<u><b>2001</b></u>	<u><b>2000</b></u>
Reorganisation costs	£ 130,000	-
	<hr/>	<hr/>
The reorganisation costs relate to changes to the company structure during the year comprising redundancies and office closures.		
<b>3. Operating profit/loss</b>	<u><b>2001</b></u>	<u><b>2000</b></u>
The operating profit/loss is stated after charging:		
Depreciation of tangible fixed assets	211,863	68,407
Loss on disposal of fixed assets	7,742	7,772
Auditors' remuneration	20,000	15,000
Charges under operating leases – plant and machinery	1,515,274	1,466,550
Charges under operating leases – property	49,729	52,000
	<hr/>	<hr/>
<b>4. Directors and employees</b>	<u><b>2001</b></u>	<u><b>2000</b></u>
Staff costs during the year were as follows:		
Wages and salaries	10,038,595	8,120,579
Social security costs	815,473	743,429
Other pension costs	103,552	92,482
	<hr/>	<hr/>
	£ 10,957,620	£ 8,956,490
	<hr/>	<hr/>
The average number of employees during the year was		
	<u><b>Number</b></u>	<u><b>Number</b></u>
Office and management	48	60
Production	441	380
	<hr/>	<hr/>
	489	440
	<hr/>	<hr/>
Staff costs include the following emoluments in respect of directors of the company:		
	<u><b>2001</b></u>	<u><b>2000</b></u>
Aggregate emoluments	295,040	390,565
Compensation for loss of office	37,800	-
Company pension contributions to money purchase schemes	9,000	10,380
	<hr/>	<hr/>
	£ 341,840	£ 400,945
	<hr/>	<hr/>

Retirement benefits are accruing for 1 director (2000: 2) under money purchase schemes and 7 directors (2000: 7) under defined benefit schemes.

**MANSELL Maintenance Services Limited**

**Notes to the financial statements**

<b>5. Net interest</b>	<u><b>2001</b></u>	<u><b>2000</b></u>
Bank interest payable	185,054	252,506
Group interest receivable	(9,012)	(126,130)
	<hr/>	<hr/>
	£ 176,042	£ 126,376
	<hr/>	<hr/>

<b>6. Taxation</b>	<u><b>2001</b></u>	<u><b>2000</b></u>
UK corporation tax credit/(charge) based on the loss for the year at 30% (2000: 30%)	414,081	(78,200)
Deferred taxation	(72,031)	
Prior year	(17,356)	-
	<hr/>	<hr/>
	£ 324,694	£ (78,200)
	<hr/>	<hr/>

**Tax Reconciliation**

Average United Kingdom Corporation Tax (credit)/cost	(30%)	30%
Adjustment in respect of prior year	1%	-
Expenses not deductible for tax purposes	6%	-
	<hr/>	<hr/>
Effective current tax rate on profit on ordinary activities before tax	(23%)	30%
	<hr/>	<hr/>

<b>7. Dividends</b>	<u><b>2001</b></u>		<u><b>2000</b></u>	
	Pence per share	Total £	Pence per share	Total £
Interim dividend paid	-	-	812.00	81,200
Interim dividend payable	-	-	217.00	21,700
	<hr/>	<hr/>	<hr/>	<hr/>
	-	£ -	1029.00	£ 102,900
	<hr/>	<hr/>	<hr/>	<hr/>

**MANSELL Maintenance Services Limited**

**Notes to the financial statements**

	<b>Short leasehold</b>	<b>Plant equipment and vehicles</b>	<b>Total</b>
<b>8. Tangible fixed assets</b>			
<b>Cost</b>			
At 1 January 2001	34,042	162,046	196,088
Additions	59,540	1,035,644	1,095,184
Transfers from group companies	23,041	962,751	985,792
Reclassification	(33,912)	50,515	16,603
Disposals	-	(54,704)	(54,704)
	<hr/>	<hr/>	<hr/>
At 31 December 2001	82,711	2,156,252	2,238,963
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 January 2001	1,360	27,146	28,506
Charge for year	1,560	210,303	211,863
Transfers from group companies	3,060	598,745	601,805
Reclassification	-	16,603	16,603
Disposals	-	(32,582)	(32,582)
	<hr/>	<hr/>	<hr/>
At 31 December 2001	5,980	820,215	826,195
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2001	£ 76,731	£ 1,336,037	£1,412,768
	<hr/>	<hr/>	<hr/>
At 31 December 2000	£ 32,682	£ 134,900	£167,582
	<hr/>	<hr/>	<hr/>
<b>9. Fixed asset investments</b>	<u>2001</u>	<u>2000</u>	
At 1 January	81,874	-	
Additions	-	81,874	
	<hr/>	<hr/>	
At 31 December	£ 81,874	£ 81,874	
	<hr/>	<hr/>	
Fixed asset investments represent the cost of 100% of the ordinary share capital of Kirby MacLean Limited, which was acquired from the ultimate parent company MANSELL plc. Kirby MacLean Limited is registered in England.			
<b>10. Stocks</b>	<u>2001</u>	<u>2000</u>	
Raw materials and consumables	£ 179,754	£ 124,603	
	<hr/>	<hr/>	

**MANSELL Maintenance Services Limited**

**Notes to the financial statements**

<b>11. Debtors</b>	<u><b>2001</b></u>	<u><b>2000</b></u>
<b>Due within one year</b>		
Trade debtors	5,026,546	3,867,452
Amounts recoverable on contracts	5,907,756	6,074,032
Other debtors	111,177	477,454
Prepayments and accrued income	465,041	283,500
Amounts owed by group undertakings	2,238,565	-
Group relief receivable	312,807	-
	<hr/>	<hr/>
	£ 14,061,892	£ 10,702,438
	<hr/>	<hr/>
<b>12. Creditors: amounts falling due within one year</b>	<u><b>2001</b></u>	<u><b>2000</b></u>
Bank overdrafts	1,524,149	4,620,831
Trade creditors	2,803,351	1,157,813
Payments on account	597,400	-
Amounts owed to group undertakings	8,977,519	3,133,251
Social security and other taxes	992,049	284,873
Corporation tax	-	78,200
Accruals and deferred income	230,557	194,535
Dividend payable	-	21,700
Other creditors	13,842	-
	<hr/>	<hr/>
	£ 15,138,867	£ 9,491,203
	<hr/>	<hr/>
<b>13. Provisions for liabilities and charges</b>	<u><b>2001</b></u>	<u><b>2000</b></u>
Deferred taxation		
At 31 January 2001	-	-
Movements during the year	72,031	-
	<hr/>	<hr/>
At 31 December 2001	£ 72,031	£ -
	<hr/>	<hr/>
<b>14. Creditors: amounts falling due after more than one year</b>	<u><b>2001</b></u>	<u><b>2000</b></u>
Amounts owed to group undertakings	£ 1,500,000	£ 1,500,000
	<hr/>	<hr/>
<b>15. Called up share capital</b>	<u><b>2001</b></u>	<u><b>2000</b></u>
Authorised:		
Ordinary shares of £1 each	£ 1,000,000	£ 1,000,000
	<hr/>	<hr/>
Allotted, issued and fully paid:		
Ordinary shares of £1 each	£ 10,000	£ 10,000
	<hr/>	<hr/>

**MANSELL Maintenance Services Limited**

**Notes to the financial statements**

<b>11. Debtors</b>	<b><u>2001</u></b>	<b><u>2000</u></b>
<b>Due within one year</b>		
Trade debtors	5,026,546	3,867,452
Amounts recoverable on contracts	5,907,756	6,074,032
Other debtors	111,177	477,454
Prepayments and accrued income	465,041	283,500
Amounts owed by group undertakings	2,238,565	-
Group relief receivable	312,807	-
	<hr/>	<hr/>
	£ 14,061,892	£ 10,702,438
	<hr/>	<hr/>
<b>12. Creditors: amounts falling due within one year</b>	<b><u>2001</u></b>	<b><u>2000</u></b>
Bank overdrafts	1,524,149	4,620,831
Trade creditors	2,803,351	1,157,813
Payments on account	597,400	-
Amounts owed to group undertakings	8,977,519	3,133,251
Social security and other taxes	992,049	284,873
Corporation tax	-	78,200
Accruals and deferred income	230,557	194,535
Dividend payable	-	21,700
Other creditors	13,842	-
	<hr/>	<hr/>
	£ 15,138,867	£ 9,491,203
	<hr/>	<hr/>
<b>13. Provisions for liabilities and charges</b>	<b><u>2001</u></b>	<b><u>2000</u></b>
Deferred taxation		
At 31 January 2001	-	-
Movements during the year	72,031	-
	<hr/>	<hr/>
At 31 December 2001	£ 72,031	£ -
	<hr/>	<hr/>
<b>14. Creditors: amounts falling due after more than one year</b>	<b><u>2001</u></b>	<b><u>2000</u></b>
Amounts owed to group undertakings	£ 1,500,000	£ 1,500,000
	<hr/>	<hr/>
<b>15. Called up share capital</b>	<b><u>2001</u></b>	<b><u>2000</u></b>
Authorised:		
Ordinary shares of £1 each	£ 1,000,000	£ 1,000,000
	<hr/>	<hr/>
Allotted, issued and fully paid:		
Ordinary shares of £1 each	£ 10,000	£ 10,000
	<hr/>	<hr/>

**MANSELL Maintenance Services Limited**

**Notes to the financial statements**

<b>16. Profit and loss account</b>	<b><u>2001</u></b>	<b><u>2000</u></b>
At 1 January	75,294	-
Retained profit/(loss) for the financial year	(1,059,904)	75,294
	<hr/>	<hr/>
At 31 December	£ (984,610)	£ 75,294
	<hr/>	<hr/>
<b>17. Equity shareholders' funds</b>	<b><u>2001</u></b>	<b><u>2000</u></b>
(Loss)/profit on ordinary activities after taxation	(1,059,904)	178,194
Dividends	-	(102,900)
	<hr/>	<hr/>
(Loss)/profit for the financial year	(1,059,904)	75,294
New share capital subscribed	-	9,998
Opening equity shareholders' funds	85,294	2
	<hr/>	<hr/>
Closing equity shareholders' funds (deficit)	£ (974,610)	£ 85,294
	<hr/>	<hr/>
<b>18. Commitments under operating leases</b>	<b><u>2001</u></b>	<b><u>2000</u></b>
At 31 December 2001 the company was committed to the following payments in the following 12 months with regard to operating leases expiring:		
Within one year	193,175	74,881
Within two to five years	970,549	967,282
Over five years	49,729	52,911
	<hr/>	<hr/>
	£ 1,213,453	£ 1,095,074
	<hr/>	<hr/>
<b>19. Contingent liabilities</b>		
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 £32.3 million (2000: £30.4 million).		
<b>20. Related party transactions</b>		
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 in excess of 90%.		

## **MANSELL Maintenance Services Limited**

### **Notes to the financial statements**

#### **21. Ultimate parent company**

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.

#### **22. Pension arrangements**

MANSELL Maintenance Services Limited is part of 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 each subsidiary.

The total number of employees included in the schemes of MANSELL plc is 1,094 and in respect of MANSELL Maintenance Services Limited the number of employees is 35.

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, and two money purchase schemes known as the MANSELL Maintenance Limited Group Personal Pension Plan and the Network Plant (Midlands) Executive Pension Plan. The assets of all 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 2001 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 the current balance sheet. This additional information is given in a separate paragraph below.

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

Under the projected unit method the current service cost of the closed schemes will increase as the members approach retirement.

The company is carrying out a review of its pension arrangements in light of the schemes' funding positions on the Government statutory minimum funding requirements (MFR) and FRS 17 bases.

## **MANSELL Maintenance Services Limited**

### **Notes to the financial statements**

#### **22. Pension arrangements (continued)**

##### **MANSELL plc Pension Scheme – SSAP 24 information**

The most recent independent actuarial valuation of the scheme was carried out at 31 July 1999 and used the projected unit method. The key financial assumptions adopted were:

Investment returns before retirement	7.25% p.a.
Investment returns after retirement	5.75% p.a.
General pensionable earnings increases	4.5% p.a.
Pension increases	
Pension accrued after 5 April 1997	3.4% p.a.
Price inflation	3% p.a.

The valuation showed that the market value of the scheme's assets was £28.2 million and that the actuarial value of those assets represented 98% of the benefits that had accrued to members on an ongoing funding basis.

At 31 July 1999 under the MFR basis the scheme's assets represented 105% of the benefits that had accrued to members. At 31 December 2001 the scheme's assets were estimated to be 98% of the benefits that had accrued to members on the MFR basis.

In accordance with actuarial advice the company increased its contributions from 10% to 11% of pensionable pay on 1 August 2000 and to 13% of pensionable pay on 1 January 2002.

Employee contributions will increase by 1% with effect from 1 March 2002.

The pension charge for the year ended 31 December 2001 was £2,145,000 (2000: £1,051,000 this included a SSAP 24 credit of £690,000).

##### **Hall & Tawse Retirement Benefit Plan – SSAP 24 information**

The most recent independent actuarial valuation of the plan was carried out at 1 July 2000 and used the projected unit method. The key financial assumptions adopted were:

Investment returns	5.5% p.a.
Investment returns after retirement	5.75% p.a.
General pensionable earnings increases	4.5% p.a.
Pension increases	3% p.a.
Pension accrued after 5 April 1997	3.4% p.a.
Price inflation	3% p.a.

The valuation showed that the market value of the plan's assets was £98.7 million and that the actuarial value of those assets represented approximately 101% of the benefits that had accrued to members on an ongoing funding basis.

At 1 July 2000 under the MFR basis the plan's assets represented 108% of the benefits that had accrued to members. At 1 July 2001 the scheme's assets were estimated to be 101% of the benefits that had accrued to members on the MFR basis.

The company has increased its contribution to 15% of pensionable pay from 10.9% with effect from 1 February 2002 pending the results of the pension arrangement review and the results of a full actuarial valuation at 31 March 2002 which is being brought forward from July 2003.

Employee contribution will increase by 1% with effect from 1 March 2002.

The pension charge for the year ended 31 December 2001 was £1,022,000 (2000: £1,140,000).



**MANSELL Maintenance Services Limited**

**Notes to the financial statements**

**22. Pension arrangements (continued)**

**FRS 17 information – MANSELL plc Pension Scheme and Hall & Tawse Retirement Benefit Plan**

Full actuarial valuations for the MANSELL plc Pension Scheme and the Hall & Tawse Retirement Benefit Plan were carried out at 31 July 1999 and 1 July 2000 respectively. These valuations have been updated to 31 December 2001 by qualified independent actuaries. The financial assumptions used by the actuaries to calculate the schemes' liabilities were:

	<b>At 31 December 2001</b>	
	<u>MANSELL plc</u> <u>Pension Scheme</u>	<u>Hall &amp; Tawse</u> <u>Retirement</u> <u>Benefit Plan</u>
Rate of increase in salaries	3.75%	3.75%
Rate of increase in deferred pensions during deferment	2.25%	2.25%
Rate of increase in pensions in payment	3.20%	2.25%
Discount rate	6.00%	6.00%
Inflation assumption	2.25%	2.25%

At 31 December 2001 the assets in the schemes and the expected rates of return were:

	<u>MANSELL plc</u> <u>Pension Scheme</u>		<u>Hall &amp; Tawse</u> <u>Retirement Benefit Plan</u>	
	Long term rate of return expected	Value £'000	Long term rate of return expected	Value £'000
Equities	7.0%	23,863	7.5%	51,400
Bonds	4.6%	5,760	5.1%	33,150
Other	3.5%	105	5.0%	1,550
		<hr/>		<hr/>
Total market value of assets		29,728		86,100
Present value of scheme liabilities		(38,224)		(89,300)
		<hr/>		<hr/>
Deficit in the scheme		(8,496)		(3,200)
Related deferred tax asset		2,549		960
		<hr/>		<hr/>
Net pension liability		(5,947)		(2,240)
		<hr/>		<hr/>

**MANSELL Maintenance Services Limited**

**Notes to the financial statements**

**22. Pension arrangements (continued)**

If the above pension liabilities were recognised in the financial statements, the group's net assets and profit and loss reserve at 31 December 2001 would be as follows:

	£'000	£'000
<b>Net assets</b>		
Net assets excluding pension liability		18,843
Pension liabilities:		
Mansell plc Pension Scheme	(5,947)	
Hall & Tawse Retirement Benefit Plan	(2,240)	
		(8,187)
		<hr/>
Net assets including pension liability		10,656
		<hr/>
<b>Profit and loss reserve</b>		
Profit and loss reserve excluding pension liability		3,550
Pension liabilities:		
Mansell plc Pension Scheme	(5,947)	
Hall & Tawse Retirement Benefit Plan	(2,240)	
		(8,187)
		<hr/>
Profit and loss reserve including pension liability (deficit)		(4,627)
		<hr/>

**MANSELL Maintenance Limited Group Personal Pension Plan**

The pension charge for the year to 31 December 2001 was £34,000 (2000: £40,000).