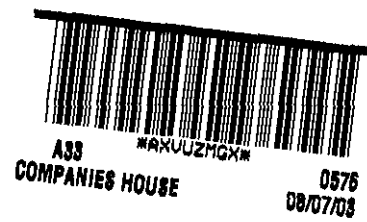


MANSELL MAINTENANCE SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2002



MANSELL Maintenance Services Limited

Directors

P A Cleaver BSc CEng MICE
D S Hurcomb BSc ACA
P J Scannell BSc FCA
D J O'Grady
M Levack BSc MRICS
R Middlemore FRICS

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 2002.

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. The company's operations were wound down and the company ceased trading during the year.

Results and dividends

The profit after taxation for the year was £3,151,975 (2001: loss £1,059,904). The directors do not propose the payment of a dividend for the year (2001: £nil). The profit of £3,151,975 (2001: loss of £1,059,904) for the year has been transferred to reserves.

Directors

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

Mr M Levack and Mr R Middlemore were appointed as directors on 1 January 2002. Mr J Lang resigned as a director on 18 February 2002. Sir John Wickerson resigned as a director on 4 April 2002. Mr K McHarg and Mr G M Reid both resigned as directors on 31 October 2002.

Directors' interests in the group

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 2002.

At 31 December 2002, other directors had an interest in the ordinary shares of 25p each of MANSELL plc as follows:

Shares

	<u>2002</u>	<u>2001</u>
M Levack	6,000	6,000
D J O'Grady	43,550	18,550

MANSELL Maintenance Services Limited

Directors' interests in the group (continued)

Share Options

Director	Scheme	1.1.02	Granted during year	Exercised during year	31.12.02	Exercise price	Dates normally exercisable
M Levack	Executive Company	-	5,000	-	5,000	145p	16.5.05-16.5.09
		-	20,000	-	20,000	145p	16.5.05-16.5.12
R Middlemore	Executive Company	-	5,000	-	5,000	145p	16.5.05-16.5.09
		-	20,000	-	20,000	145p	16.5.05-16.5.12
D J O'Grady	Company	25,000	-	25,000	-	32p	28.6.99-28.6.06
		-	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.

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, circulation of the group newsletter MANSELL NEWS and the introduction of Centurion, the new MANSELL communication programme reaching all staff.

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.

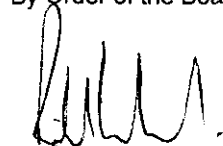
The "Elective regime"

At the Annual General Meeting held on 16 August 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
3 April 2003

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 2002 set out on pages 4 to 16. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 6.

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

MANSELL Maintenance Services Limited

**Profit and loss account
for the year ended 31 December 2002**

	<u>Note</u>	<u>2002</u>	<u>2001</u>
Turnover	1(b)	18,848,938	24,517,433
Cost of sales		(19,098,214)	(23,167,648)
		<hr/>	<hr/>
Gross (loss)/profit		(249,276)	1,349,785
Administrative expenses		(1,929,957)	(2,558,341)
		<hr/>	<hr/>
Operating (loss)/profit	3	(2,179,233)	(1,208,556)
Net interest	5	(142,252)	(176,042)
Discontinuation costs	2	3,176,468	-
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		854,983	(1,384,598)
Taxation	6	2,296,992	324,694
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation		3,151,975	(1,059,904)
		<hr/>	<hr/>
Retained profit/(loss)	16	£ 3,151,975	£(1,059,904)
		<hr/>	<hr/>

During 2001 and 2002 the results were derived wholly from discontinued 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 2002

	<u>Note</u>	<u>2002</u>	<u>2001</u>
Fixed assets			
Tangible assets	7	-	1,412,768
Investments	8	81,874	81,874
		<hr/>	<hr/>
		81,874	1,494,642
		<hr/>	<hr/>
Current assets			
Stocks	9	126,877	179,754
Debtors due within one year	10	10,225,988	14,061,892
Cash		1,500	-
		<hr/>	<hr/>
		10,354,365	14,241,646
Creditors: amounts falling due within one year	11	(8,258,874)	(15,138,867)
Provisions for liabilities and charges	12	-	(72,031)
		<hr/>	<hr/>
Net current assets/(liabilities)		2,095,491	(969,252)
		<hr/>	<hr/>
Total assets less current liabilities		2,177,365	525,390
Creditors: amounts falling due after more than one year	13	-	(1,500,000)
		<hr/>	<hr/>
		£ 2,177,365	£ (974,610)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	10,000	10,000
Profit and loss account	15	2,167,365	(984,610)
		<hr/>	<hr/>
Equity shareholders' funds	16	£ 2,177,365	£ (974,610)
		<hr/>	<hr/>

The financial statements on pages 4 to 16 were approved by the board of directors on 3 April 2003


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

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

(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 in compliance 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

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

(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

2. Exceptional items

Discontinuation costs

Exceptional discontinuation costs, disclosed on the face of the profit and loss account as required by FRS 3 relate to the orderly wind down and discontinuation of the company's activities during the year, giving rise to the following discontinuation costs:

Fixed asset value write downs	(1,025,670)
Current asset value write down	(1,501,939)
Early lease terminations	(479,865)
Staff costs	(2,307,963)
Group loan written back	8,491,905
	<hr/>
	£ 3,176,468
	<hr/>

Administrative expenses

In 2001, administrative expenses included exceptional items totalling £130,000, relating to changes to the company structure.

The taxation impact of the exceptional items is to reduce the tax charge for the year by £1,595,000 and £39,000 for 2002 and 2001 respectively. The tax charges disclosed in note 6 are shown net of these reductions.

3. Operating (loss)/profit

	<u>2002</u>	<u>2001</u>
The operating (loss)/profit is stated after charging:	£	£
Depreciation of tangible fixed assets	247,951	211,863
Loss on disposal of fixed assets	5,161	7,742
Auditors' remuneration	24,000	20,000
Charges under operating leases – plant and machinery	1,450,639	1,466,550
Charges under operating leases – property	49,729	49,729
	<hr/>	<hr/>

4. Directors and employees

	<u>2002</u>	<u>2001</u>
Staff costs during the year were as follows:		
Wages and salaries	8,207,007	10,038,595
Social security costs	676,973	815,473
Other pension costs	118,744	103,552
Redundancy costs	589,087	-
	<hr/>	<hr/>
	£ 9,591,811	£ 10,957,620
	<hr/>	<hr/>

The average number of employees during the year was

	<u>Number</u>	<u>Number</u>
Office and management	20	48
Production	326	441
	<hr/>	<hr/>
	346	489
	<hr/>	<hr/>

MANSELL Maintenance Services Limited

Notes to the financial statements

4. Directors and employees (continued)

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

	<u>2002</u>	<u>2001</u>
Aggregate emoluments	109,538	295,040
Compensation for loss of office	72,572	37,800
Company pension contributions to money purchase schemes	13,547	9,000
	<hr/>	<hr/>
	£ 195,657	£ 341,840
	<hr/>	<hr/>

Retirement benefits are accruing 3 directors (2001: 7) under defined benefit schemes.

5. Net interest

	<u>2002</u>	<u>2001</u>
Bank interest payable	145,063	185,054
Group interest receivable	(2,811)	(9,012)
	<hr/>	<hr/>
	£ 142,252	£ 176,042
	<hr/>	<hr/>

6. Taxation

	<u>2002</u>	<u>2001</u>
UK corporation tax credit/(charge) based on the loss for the year at 30% (2001: 30%)	2,309,325	414,081
Deferred taxation	72,031	(72,031)
Prior year	(84,364)	(17,356)
	<hr/>	<hr/>
	£ 2,296,992	£ 324,694
	<hr/>	<hr/>

Tax Reconciliation

Average United Kingdom Corporation Tax (credit)/cost	(30%)	(30%)
Adjustment in respect of prior year	1%	1%
Expenses not deductible for tax purposes	-%	6%
	<hr/>	<hr/>
Effective current tax rate on profit on ordinary activities before tax	(29%)	(23%)
	<hr/>	<hr/>

The tax reconciliation above is given after adjustment is made for a group loan written back amounting to £8,491,905 (note 2) which is not subject to Corporation Tax.

MANSELL Maintenance Services Limited

Notes to the financial statements

	Short leasehold	Plant equipment and vehicles	Total
7. Tangible fixed assets			
Cost			
At 1 January 2002	82,711	2,156,252	2,238,963
Additions	-	159,006	159,006
Transfers from group companies	-	125,000	125,000
Transfers to group companies	-	(192,506)	(192,506)
Disposals	(82,711)	(2,247,752)	(2,330,463)
	<hr/>	<hr/>	<hr/>
At 31 December 2002	-	-	-
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2002	5,980	820,215	826,195
Charge for the year	8,784	239,167	247,951
Transfers from group companies	-	92,917	92,917
Transfers to group companies	-	(93,271)	(93,271)
Disposals	(14,764)	(1,059,028)	(1,073,792)
	<hr/>	<hr/>	<hr/>
At 31 December 2002	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2002	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2001	£ 76,731	£ 1,336,037	£1,412,768
	<hr/>	<hr/>	<hr/>
8. Fixed asset investments	<u>2002</u>	<u>2001</u>	
At 1 January and 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 is registered in England and whose principal activity is contract decorating.			
9. Stocks	<u>2002</u>	<u>2001</u>	
Raw materials and consumables	£ 126,877	£179,754	
	<hr/>	<hr/>	

MANSELL Maintenance Services Limited

Notes to the financial statements

10. Debtors	<u>2002</u>	<u>2001</u>
Due within one year		
Trade debtors	5,619,794	5,026,546
Amounts recoverable on contracts	1,789,309	5,907,756
Other debtors	41,477	111,177
Prepayments and accrued income	188,861	465,041
Amounts owed by group undertakings	726,500	2,238,565
Group relief receivable	1,860,047	312,807
	<hr/>	<hr/>
	£ 10,225,988	£ 14,061,892
	<hr/>	<hr/>
11. Creditors: amounts falling due within one year	<u>2002</u>	<u>2001</u>
Bank overdrafts	1,576,540	1,524,149
Trade creditors	1,805,810	2,803,351
Payments on account	241,606	597,400
Amounts owed to group undertakings	1,908,113	8,977,519
Social security and other taxes	1,205,659	992,049
Accruals and deferred income	1,476,877	230,557
Other creditors	44,269	13,842
	<hr/>	<hr/>
	£ 8,258,874	£ 15,138,867
	<hr/>	<hr/>
12. Provisions for liabilities and charges	<u>2002</u>	<u>2001</u>
Deferred taxation		
At 1 January	72,031	-
Movements during the year	(72,031)	72,031
	<hr/>	<hr/>
At 31 December	£ -	£ 72,031
	<hr/>	<hr/>
13. Creditors: amounts falling due after more than one year	<u>2002</u>	<u>2001</u>
Amounts owed to group undertakings	£ -	£ 1,500,000
	<hr/>	<hr/>
14. Called up share capital	<u>2002</u>	<u>2001</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

15. Profit and loss account	<u>2002</u>	<u>2001</u>
At 1 January	(984,610)	75,294
Retained profit/(loss) for the financial year	3,151,975	(1,059,904)
	<hr/>	<hr/>
At 31 December	£ 2,167,365	£ (984,610)
	<hr/>	<hr/>
16. Equity shareholders' funds	<u>2002</u>	<u>2001</u>
Profit/(loss) for the financial year	3,151,975	(1,059,904)
Opening equity shareholders' funds	(974,610)	85,294
	<hr/>	<hr/>
Closing equity shareholders' funds	£ 2,177,365	£ (974,610)
	<hr/>	<hr/>
17. Commitments under operating leases	<u>2002</u>	<u>2001</u>
At 31 December 2002 the company was committed to the following payments in the following 12 months with regard to operating leases expiring:		
Within one year	104,059	193,175
Within two to five years	580,577	970,549
Over five years	49,729	49,729
	<hr/>	<hr/>
	£ 734,365	£ 1,213,453
	<hr/>	<hr/>

The obligations under operating leases at 31 December 2002 disclosed above were transferred to other fellow subsidiary companies after the year end.

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 in excess of 90%.

20. 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.

MANSELL Maintenance Services Limited

Notes to the financial statements

21. Pension arrangements

MANSELL Maintenance Services 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 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 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.

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.

MANSELL Maintenance Services Limited

Notes to the financial statements

21. Pension arrangements continued

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.

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.

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.

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).

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%

MANSELL Maintenance Services 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>	Value	<u>2001</u>	Value
	Expected long term rate of return	£'000	Expected long term rate of return	£'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		<u>27,573</u>		<u>29,728</u>
Present value of scheme liabilities		<u>(46,877)</u>		<u>(38,224)</u>
Deficit in the scheme		<u>(19,304)</u>		<u>(8,496)</u>
Related deferred tax asset		<u>5,791</u>		<u>2,549</u>
Net pension liability		<u>(13,513)</u>		<u>(5,947)</u>

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%

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

	<u>2002</u>	Value	<u>2001</u>	Value
	Expected long term rate of return	£'000	Expected long term rate of return	£'000
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		<u>5,991</u>		<u>960</u>
Net pension liability		<u>(13,979)</u>		<u>(2,240)</u>

MANSELL Maintenance Services Limited

Notes to the financial statements

21. Pension arrangements continued

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	2039	5,570
Interest on pension liabilities	<u>(2,362)</u>	<u>(5,250)</u>
	<u>(323)</u>	<u>320</u>

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	<u>(3,860)</u>	<u>(5,400)</u>
	<u>(11,261)</u>	<u>(16,964)</u>

MANSELL Maintenance Services Limited

Notes to the financial statements

21. Pension arrangements continued

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)%

MANSELL Maintenance Limited Group Personal Pension Plan

The pension charge for the year to 31 December 2002 was £24,000 (2001: £34,000).